the labour gazette

august 1976

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The Great Participation Debate

the labour gazette

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NEWS BRIEFS

PEOPLE

CLC's Bob Smeal dead

R. R. (Bob) Smeal, a vice-president of the Canadian Labour Congress for the past 10 years and former secretary-business manager of the Canadian Air Line Flight Attendants Association, died in Toronto, July 3, at age 56.

Smeal had been taken to the Toronto hospital after he became ill during the May 17-21 biennial convention of the Canadian Labour Congress. CLC President.

Born in England, he came to Canada as a youth, and served in the Royal Canadian Navy during the Second World War. He was president of the Victoria Labour Council from 1949 to 1953, vice-president of the British Columbia Federation from 1956 to 1959, and its president from 1959 to 1962.

The CALFAA is establishing an educational fund in his memory.

J.J. (Jack) Munro, president of Regional Council No. 1 of the International Woodworkers of America, was appointed a vice-president at large, headquartered in Vancouver, to succeed him.

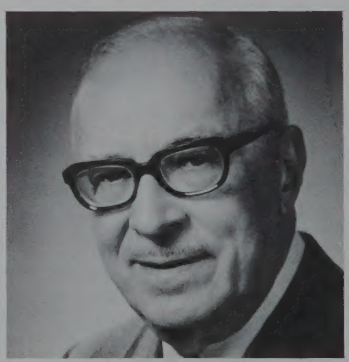
Finkelman retires from PSSRB

Jacob Finkelman has retired as chairman of the Public Service Staff Relations Board. His successor is J. Harold Brown, who had been vice-chairman since December 1975.

Finkelman, who was born in Poltava, Russia, in 1907, had been chairman of the board since it was established in 1967 under the Public Service Staff Relations Act. His report on proposed amendments to the Act has been the subject of a lengthy study by a joint Parliamentary committee. (See LG, Oct. '75, and May '76.)

As a faculty member of the University of Toronto, he is believed to have introduced Canada's first university course on labour law, in 1932. He later served as chairman of the Ontario Labour Relations Board.

John Evans



Jacob Finkelman

Brown's appointment as chairman of the PSSRB was announced on June 30. An Osgoode Hall law graduate, and a Queen's Counsel, he is a former vice-chairman and alternate chairman of the Ontario Board. He was appointed deputy chairman of the PSSRB in 1973 and vice-chairman in 1975.

EMPLOYMENT

The hidden unemployed

An economist in the United States has observed a trend in the U.S. labour market already noted by observers of the Canadian scene: official figures may not reveal actual unemployment among women, teen-agers, old people, and other minorities.

Many of these unemployed groups regularly drop out of the labour market and are not even looking for work, says A. Dale Tussing of the Educational Policy Research Center at Syracuse University.

Tussing describes what he terms the "new unemployed"—a large pool of people "whose labour market status is more or less continuously in flux—who hold jobs temporarily, generally for less than a year, losing or leaving them and moving in and out of the officially defined labour force."

Among the new unemployed, Tussing includes people working part-time because they can't get full-time jobs and "discouraged workers," who can't find work to match their skills or who don't want to qualify for the jobs they want.

He proposes two solutions for the new unemployed—subsidized employment, with the government paying part of the cost of hiring certain disadvantaged workers, and direct public employment in which the government creates jobs for them.

Tussing says attempts to reduce unemployment through tax reductions and other fiscal policies, educational strategies, welfare and minimum-wage reforms have largely failed in the U.S. because

they do not take into account the nature of the new unemployment. He writes that while, in general, they have influenced who gets to work they have not increased the total number of jobs.

He mentions education as an example. If the number of jobs remains stable, then the trained displace the untrained, and education thus appears to help the disadvantaged compete with other poor people.

WAGES

Manitoba minimum rises

Manitoba's minimum wage has risen by 35 cents — for adults to $2.95 an hour and for workers under 18 to $2.60. The increases are effective from Sept. 1, 1976.

THE ILO

Kaplansky addresses HABITAT conference

Meeting basic human needs means more than providing food, shelter and clothing, according to Kalmen Kaplansky, director of the Canadian branch of the International Labour Organization.

He said it also implies "access to essential services such as safe drinking water, sanitation, transport, health, and education," and that "each person available for and willing to work should have an adequately remunerated job.

"It should also imply the satisfaction of needs of a more qualitative nature: a healthy, humane and satisfying environment; popular participation in the making of decisions that affect the lives and livelihood of people; individual freedoms and human dignity, without which there can be no fulfilment of basic needs."

Kaplansky made the statements in an address to the United Nations Conference on Human Settlements, Vancouver, May 31–June 11. He spoke as special representative of the ILO director-general.

Coal committee wants conference

The International Labour Organization's coal mines committee has called for a world energy conference "that takes full account of coal."

At its April 28–May 6 meeting in Geneva, the committee also appealed for improved training programs and safety procedures, needed because of the introduction of new mining technology.

Canada was one of 19 countries represented at the meeting by government, employer and worker representatives.

WOMEN

Quebec bibliography

The Quebec government has published a bibliography of more than 1,000 pamphlets, books, newspaper articles and films written or produced by or about women in the province during the last 10 years.

The 150-page bibliography, compiled under the supervision of the Quebec status of women council, is entitled simply *Les Quebecoises*.

INDUSTRIAL DEMOCRACY

Swiss reject participation

In March, Swiss voters rejected proposals to enshrine in the country's constitution the principle of worker participation. But trade union leaders say they will be back in two or three years with a new proposal.

In a referendum, the Swiss turned down two motions: a union proposal that worker participation be accepted as a constitutional right, without specifying the details, and a government proposal endorsing the concept but specifically ruling out the possibility of workers controlling seats on company boards.

Union officials say that if the government's motion had been accepted, "real" participation would have been delayed for 10 years.

Resource centres

A firm of management consultants says that when industrial democracy is extended in Britain, trade unions will need their own shop floor "resource centres" providing secretarial and research facilities, possibly paid for by the employer.

The consultants were hired by trade unions at the state-owned Harland & Wolff shipyard which is about to give workers one third of the seats on its main board.

The consultants' opinions were expressed in a submission to the Bullock Committee on Industrial Democracy, set up by the government in preparation for new legislation on worker participation.

The Trades Union Congress has advocated compulsory equal

representation on company boards, but the Bullock Committee has heard stiff opposition to this from the Stock Exchange, the Liberal Party and several major employers.

LABOUR CONVENTIONS

CNTU elects Rodrigue

The 1,100 delegates to the 1976 convention of the Confederation of National Trade Unions elected a new president and decided not to expel 17,000 members suspended since last December for refusing to pay a special assessment to the CNTU's strike fund.

The new president, 38-year-old Norbert Rodrigue, had been first vice-president of the 180,000-member CNTU since 1972. He decisively defeated Michel Chartrand, president of the CNTU's Montreal council, by a vote of 626 to 255.

Rodrigue succeeds Marcel Pepin, 50, who has resigned after 11 years as president, to take on a less arduous role as special adviser to the Confederation.

Others on the new executive include Jean Thibault, secretary-general; Leopold Beaulieu, treasurer; Francine Lalonde, first vice-president — the first woman to hold that office — Claude Giraud, second vice-president, and André L'Heureux, third vice-president.

Rodrigue said every effort will be made to bring back the 17,000 members as full participants in the CNTU. They had been suspended for refusing to pay the special assessment of about one hour's pay a month.

To ease their return, the delegates rejected a proposal that would have required them to pay all back dues and assessments they would have been required to pay, had they not been suspended. Instead, they adopted one requiring a penalty of only three months' assessments.

Rodrigue is a former president of the Federation of Social Affairs Workers, the CNTU's largest affiliate. After his election, he said he would renew efforts for a merger with the 75,000-member Quebec Teachers' Federation.

He described the program as "the gravest threat to free collective bargaining and the trade union movement since organized labour gained the legislated right to bargain collectively."

Rodman E. Logan, the provincial minister of labour and manpower, in an address to the convention, called on organized labour to support the program: "Complex problems often require complex solutions, and the co-operative efforts of all segments of society are essential if we are to respond successfully to the challenges we face." LePage replied that the provincial government had "undermined collective bargaining" by opting into the federal program.

Resolutions adopted by the delegates included calls for an upgrading of the Workmen's Compensation Act and a number of measures to increase on-the-job safety, including stiffer penalties for employers who ignore safety regulations. Other resolutions sought compulsory labour education programs in schools, a government-operated compulsory no-fault auto insurance program, and increased basic exemptions in personal income tax.

The delegates re-elected LePage, as well as secretary-treasurer Alvin Blakely. Vice-presidents elected were Rolland Blanchette, Edmundston; Phillip Booker, Fredericton; Tim McCarthy, Newcastle; J. Eric Pitre, Bathurst; John McEwen, Charlo, and Harrison Harvey, Saint John. Trustees elected were Marina Grant, Joan Blacquier and Kathrinne Ann Leger.

New Brunswick Federation of Labour annual meeting

The Canadian Labour Congress policy statement, "Labour's Manifesto for Canada," was adopted unanimously by the 350 delegates to the New Brunswick Federation of Labour's annual convention, in Moncton June 7-9.

The NBFL thus became the first provincial federation to endorse, at convention, the policy statement, adopted three weeks earlier by the CLC biennial convention in Quebec City. It calls for a greater share for organized labour in economic and social policy decisions.

The NBFL convention also pledged "complete and active support" for the CLC's program of action against the federal anti-inflation program, which includes a strike or strikes if necessary.

The convention also adopted a resolution calling for the immediate repeal of both provincial and federal wage control legislation, and for continued opposition by organized labour to provincial government budget restraints that "unfairly single out essential public services for unwarranted and harsh cutbacks."

CLC executive vice-president Shirley Carr told the delegates the success of labour's program against the anti-inflation program would depend on "the will of the Canadian working people to unite and speak with a single voice and act with a single will."

NBFL President Paul LePage attacked both the federal government for introducing the program of controls and the New Brunswick provincial government for co-operating with it. lg

Co-determination — a partial answer to good labour relations

by Charles Connaghan

Having workers sitting on the boards of directors of their companies probably doesn't make a great deal of sense to unions or business managers in Canada. Yet, the practice has been cited as one of the main reasons for West Germany's labour stability and productivity, the highest of all western industrialized countries.

While other European countries such as the Netherlands, Luxembourg, Sweden, Norway and Denmark have similar programs, no other country has developed the practice to the same level of sophistication and widespread use as West Germany. The West German approach is part of *mitbestimmung*.

The German word *mitbestimmung* defies concise English definition. There is no satisfactory English equivalent. It has been interpreted as co-determination, co-management, community of interests, participation; but all of these miss the German term's concept of joint command or joint direction.

Mitbestimmung operates at two levels. The upper level is the *aufsichsrat* or supervisory boards, which compare approximately to boards of directors in a Canadian company. A supervisory board meets about four times a year and its principal powers are to deal with matters of major policy for the business such as company expansion and curtailment, dividend levels, as well as the hiring and firing of senior executives who are responsible for the actual running and performance of the business. In addition, the supervisory board is responsible for overseeing the finances of the business.

Charles J. Connaghan is author of a Labour Canada-sponsored study on co-determination. He is a vice-president of University of British Columbia and a former president of the Construction Labour Association of B.C.

The involvement of workers in the policy decision making of their companies in Germany can be traced back to 1922 when the German government introduced legislation which granted workers in large companies the right to have two workers sit on their companies' supervisory board. The primary purpose of these boards was to monitor the activities and performance of company management. During the Hitler regime, worker involvement was downgraded.

At the end of the Second World War, the British occupation forces agreed to *mitbestimmung* for German workers. The British Labour government in 1947 under Clement Attlee ordered that supervisory boards in companies employing more than 1,000 workers in the coal, steel and iron industries in the German Ruhr be composed of equal representatives of employees and shareholders — five each from the company shareholders and employees — plus a neutral chairman acceptable to both sides who could also serve as a tie vote breaker.

Each company was also obliged to have a personnel director whose appointment could be vetoed by the worker representatives.

The re-establishment of co-determination was a political compromise within the Social Democratic Party (SDP) between those who wished to nationalize large industries and a group who favored the free enterprise approach.

In 1952, in response to demands from the trade unions in other industries and in the face of the threat of a general strike, Chancellor Konrad Adenauer extended a watered down version of the coal, iron and steel model to large companies in all industries. This version, however, only gave the workers 30 per cent representation on the boards, and the right to veto the appointment of the personnel director.

Earlier this year, a new co-determination model for employee participation was legislated for companies outside the coal, iron and steel industries. Under the new provision, an estimated 650 business concerns, each employing more than 2,000 workers within Germany will be covered.

The boards of supervision of companies will be composed of 20 members — 10 to be elected by the shareholders.

The remainder will be elected by the company employees and one must be a junior manager chosen by the white-collar and management groups. In the case of a tie vote, the chairman will have the right to cast an extra and deciding vote. Only the shareholders' representatives will be allowed to vote on the election of the chairman.

The trade union within the plant in future will be entitled to nominate three representatives while workers in the plant acting independently of the union can nominate six representatives. The reason for this distinction is to avoid charges that outside union executives could dominate the workers' representatives and thereby ignore the specific interests of the workers in a particular plant or company.

In the case of the middle-management group, that group is allowed to nominate two candidates and the one receiving the greater number of all white-collar votes will be elected. Another important change is that in future the personnel director will be elected by single plurality, which eliminates the veto power of the worker representatives.

While the workers have been successful in increasing their representation from one third under the old model to near parity, shareholders have been given the right to veto any issue which is considered essential to their interests.

The structure of the average German company, makes worker representation function somewhat easier than it would in the average Canadian corporation. This is a result of the two-tiered board system which is commonplace in German corporations. The upper tier is the *aufsichtsrat* or supervisory board and it is to this board that worker representatives have been elected. In-house company executives are not members of the supervisory board.

...co-determination is not associated with union political power

The lower tier is known as *vorstand* or management board and is composed of senior company executives and is similar to the corporate executive officer structure within a typical Canadian company. This group is responsible to the supervisory board for long-range planning and the day-to-day operations of the company.

The record of the recent past shows that German co-determination has worked better than might have been expected. A commission appointed by the West German government in 1970 closely examined the record and concluded that *mitbestimmung* had functioned without notable clashes. Four years later, parliamentary hearings on the subject produced testimony from employers and unions which indicated some resistance but in general received a high level of acceptance.

At those hearings, the heads of some of the largest steel companies indicated that there has been no sacrifice of earnings or investment on the part of the companies as a result of co-determination. Indeed, company secrets appear to have been safe with worker board members and it was difficult to establish instances of abuse of confidentiality.

A quick survey of co-determination in other European countries shows that none of Germany's trading partners have developed the practice to the same level and with the same success as West Germany.

Workers in Austria, Luxembourg, the Netherlands and the Scandinavian countries all have workers on boards by law; however, they do not have the same strength as their counterparts do in Germany.

The Austrian, Luxembourg and Norwegian systems are entitled to one-third representation on the boards, while Swedish and Danish laws provide that only two seats are set aside for workers. In the Netherlands, there is no fixed number of seats for workers — board members are expected to be acceptable to both workers and shareholders. The Netherlands' system also prohibits union officials from serving as board members.

...successful co-determination is associated with good economic performance

In Belgium, France and Italy there is no legal basis for workers in the private sector becoming voting members of boards of companies. France, however has provided for labour representatives to sit on the boards of companies in the private sector as non-voting observers, while workers in the French nationalized industries are full members of their boards.

What lessons can be drawn from the European experience?

First, contrary to popular belief, successful co-determination is not a result of powerful unions. Austria, Belgium, Sweden and Denmark are the most highly unionized countries in Europe, having more than 60 per cent of their wage earners in unions, yet Sweden and Denmark are relative newcomers to co-determination.

Belgium does not have it at all. Germany, on the other hand, with about 30 per cent of its work force in unions has had co-determination longer and in more widespread use than any other country.

Second, co-determination is not associated with union political power. In many ways, German trade unions have much less political power than do unions in Britain or Italy.

Third, successful co-determination is associated with good economic performance and it thrives in a stable political environment — both of which West Germany has.

Finally, it contributes to good industrial relations, which West Germany has experienced.

While co-determination may be considered something of a strange European custom to North Americans, experience in the common market has made employee participation more palatable to North American corporations. The troubled Chrysler U.K. Ltd. last year offered two seats on its board of directors to its British workers in an effort to improve its poor labour relations record. The offer was turned down, but it did set a precedent.

...Germany...has had co-determination longer and in more widespread use than any other country

Whether or not the practice of worker directors gains widespread acceptance in Canada will depend on the future attitude of unions, management and governments. The debate has already begun in North America. The recent announcement by the United Automobile Workers union of its intention to seek worker representation on the boards of the U.S. companies with which it negotiates, as part of its 1976 collective bargaining demands, could prove to be an historic watershed in employee participation in North America.

Governments in Canada, driven by a desire to improve the current poor state of labour relations in this country, could well decide to take legislative action to include workers on boards of directors.

Irrespective of whether the labour movement on this continent uses co-determination as a collective bargaining trade-off tactic or whether governments hesitate before legislating such a radical approach, the fact remains that European co-determination in all its gradations has proved to be at least a partial answer in building good labour relations, a fact which cannot be long ignored in Canada. lg

Reprinted from The Sun, *Vancouver*

Mitbestimmung — Kanada?

or
Would West German "co-determination" work here

by Jean Pascal

The system of "Mitbestimmung" — co-determination — is often said to be one of the main reasons that West Germany, for most of the postwar period, has been a haven of industrial peace.

Other countries in the Western world cast envious glances at Germany's impressive economic performance and successful labour-management relations with its low percentage of work stoppages and lockouts. In 1974, for example, West Germany experienced only about 1/20th the number of days lost through strikes in Canada, had only half of Canada's inflation, and saw its production rise slightly while most Western countries' production dropped.

In recent years, Canada has been subjected to a relentless series of disruptive work stoppages, both in the public and private sectors. Unions, management and government have been engaged in bitter disputes and industrial peace seems as imminent as the proverbial millenium.

As a consequence of this industrial unrest, the validity of the Canadian industrial relations system as it now operates is being examined and questioned. Canadians in all walks of life are dissatisfied with the system and are demanding that something be done to ameliorate the situation.

Industrial relations in various countries are being scrutinized in order to ascertain whether any of their features can be beneficially incorporated in the Canadian system.

Jean Pascal is an officer in Labour Canada's public relations branch

It was with this possibility in mind that Labour Canada commissioned Charles J. Connaghan, a former president of the Construction Labour Relations Association of British Columbia and now vice-president of administrative services at the University of British Columbia, to critically examine contemporary labour relations in West Germany and to make suggestions for improving the Canadian labour-management relationship based on the West German experience.

Connaghan's findings have been published by Labour Canada under the title *Partnership or Marriage of Convenience?* Before detailing some of Connaghan's proposals as to how the West German labour-management experience could be applied in Canada, it would perhaps be useful to discuss the principles of "co-determination," both in general terms and as far as the West German experience is concerned.

...the validity of the Canadian industrial relations system as it now operates is being examined and questioned

Co-determination, broadly defined, encompasses a full spectrum of modalities of communication and decision making, together with associated institutional arrangements, to enable employees to have a voice in decisions which affect them. In that almost all decisions of an employer affect the well-being of the employees — either in their current working conditions or in their prospects — the scope of matters which can be subject to co-determination is virtually unlimited.

Co-determination operates at the level of the individual plant and the individual company. It can, of course, always be instituted voluntarily by employers. In countries where it has been made mandatory, or sanctioned by law or tradition, it operates side by side and in conjunction with all of the instruments which in Canada constitute the system of industrial relations:

- *collective bargaining* and the collective contract of employment, and the body of law which governs these;
- *conciliation, mediation and arbitration of disputes*, sometimes required by law, sometimes only

encouraged and facilitated by law;

- *government regulation* of basic working conditions.

In addition, most countries which have instituted co-determination as part of their system of industrial relations have also instituted mechanisms for employer-employee consultation at the national and sectoral levels. Co-determination in these countries is conceptually an integral part of a more elaborate and multi-tiered system of industrial relations than exists in Canada. Some examples:

- The (national) wage level — or labour's share of the GNP — may be discussed in a national forum comprising a federation of trade unions, a national employers' organization and the government;

- The average wage levels which will pertain to an industry may be established by collective bargaining, either through an industry-wide contract or through a convention of pattern bargaining;

- Differences around the industry-wide wage level — for experience, seniority — may be the subject for co-determination in each individual plant.

The co-determination which has evolved in Europe has long historical roots and now has, in several countries, the sanction of law. In West Germany, where the tradition is perhaps oldest, worker committees with rights of consultation on personnel and social matters were voluntarily initiated in the 1850s, contemporary with the first collective agreements and the evolution of trade unions towards a national movement. In Canada, there are instances of co-determination lying outside the collective agreement, which have

...the scope of matters which can be subject to co-determination is virtually unlimited

been adopted voluntarily by management, but they have been occasional. Our practice has been to limit the method and scope of employee participation in management decisions to the formal provisions of the collective agreement.

The advantages co-determination can bring to a system of labour relations are essentially of two kinds:

- A non-adversarial and more flexible and expeditious means of communication between employers and their work forces, and of employee involvement in decision making, that exists apart from but operates in tandem with the collective agreement; and

- an alternative to unionization and collective bargaining as the means of balancing the interests of employees and employers in those sectors of the economy which are not now organized.

Co-determination, if it works, improves industrial relations and carries with it all the attendant benefits of less conflict, and fewer disputes and work stoppages, together with greater employee participation, motivation, and productivity.

The problems in making co-determination work are that it depends for its effectiveness on the attitudes and abilities of understanding and compromise which the parties bring to the process, and it requires some displacement of the existing balance of power between management and unions. For management, it opens up new fields of decision making to scrutiny and question by employees. For unions, it sets up a parallel means of employer-employee relations and infringes on their occupancy of this field.

If co-determination does not work, once formally established by law, it may either wither into a pro-forma and non-productive use of management and employee time; or it may present a more disturbing alternative which could complicate and render more difficult management's decision function and turn it into an additional arena of employer-employee tension.

Mandatory co-determination in West Germany has been in wide practice in two forms since the passage of the Works Constitution Act in 1952: Works councils at the plant level, and employee representation on boards of directors (supervision) at the company level.

Co-determination, if it works, improves industrial relations and carries with it all the attendant benefits of less conflict

There have been precedents in the 1920s and in the immediate post-war reconstitution of the German coal and steel industries.

These two institutions of co-determination constitute one of the several elements of the West-German system of industrial relations. The others are:

- **The Federation of German Trade Unions** and the **Confederation of German Employers Association**: These two bodies counterpoise

each other at the national level. They participate, along with the federal government and others (banks, commercial institutions) in statutory quarterly consultative meetings on the state of the economy. They seek to co-ordinate the collective bargaining of their respective members and dispose of some disciplinary power to this end.

- **Collective Bargaining**: there is both a more limited scope to bargaining and a greater emphasis on pattern bargaining in West Germany than in Canada. The collective agreements tend to focus pre-eminently on the base rate of pay and on levels of fringe benefits, leaving other conditions of work to be settled by co-determination. It tends to be province-wide in scope rather than plant- or company-wide as in Canada. The settlement in each province-wide agreement tends to be based on a nation-wide pattern-setting agreement.

- **The Council of Economic Advisors** (The Five Wise Men): reviews the state of the economy and issues periodic forecasts. These forecasts are an important reference point for the parties to collective bargaining, and positions tend to be developed only after the forecast is out.

- **The Integration of Organized Labour into the Political Process, Conciliation and Mediation**: in 1975, seven (of twenty-five) members of the executive council of the Federation of Trade Unions were members of the ruling Social Democratic Party, and two of the Conservative Party. The government does not dispose of specific statutory power to order the parties back to work or into arbitration or conciliation. Mediation is the preferred mode of the parties, and it is common for a (federal) cabinet minister to act as mediator when a pattern-setting round of bargaining breaks down.

- **Labour courts**: there are approximately 120 of these in West Germany. They form part of the judicial system — they adjudicate on interpretation of the terms of collective agreements and on those matters the law has placed within the purview of works councils (including individual grievances) and on which agreement with management has not been possible.

If co-determination does not work...it may wither into a pro-forma and non-productive use of management and employee time

In West Germany, works councils are mandatory in any establishment in which five or more permanent employees decide they want to establish one. The works council is comprised of employees only. Its size depends on the size of the work force. Employee time on the council and other costs must be borne by the employer. The main points of a works council's mandate as set out in the Works Constitution Act are:

- to see that effect is given to acts, ordinances, safety regulations, collective agreements and work agreements;

- to make recommendations to the employer and to negotiate for their implementation;

- to promote the rehabilitation of disabled persons and others in need;

- to promote the employment of the elderly;

- to promote the integration of foreign workers.

The Act also gives a works council a measure of control equal to that of management in:

- setting rates of pay. This involves the setting of differentials around the base rate negotiated in the collective agreement. The base rate tends to stand as either a minimum or a benchmark applying to both the organized and unorganized employees.

- the structuring, organization and design of jobs, including starting and finishing times;

- the movement of staff, job grading and dismissals;

- health and safety regulations and programs.

The Act requires that meetings be held at least once a month between the works council and management. It specifies that there be consultation between the employer and the works council on all financial matters affecting the enterprise. Issues falling within the purview of the works council on which agreement cannot be reached with management may be referred to the labour courts for adjudication.

The West-German board of supervision occupies a halfway house between the North American board of directors and management. The board of supervision is, by law, elected both by the shareholders of a company and its employees. In turn, the board appoints the management board of the company.

The Works Constitution Act requires *minority* employee representation on the boards of supervision of *all* publicly held corporations and of private companies and

co-operatives employing more than 500 workers. The Act goes further for the coal and steel industries. It requires these industries to have equal representation of employees on the board. Under an amendment to the Act early this year, equal employee representation has been extended to all companies of more than 2,000 employees. Under this new system of equal representation, the chairman of the board is elected by the shareholders only and has a casting vote.

The boards of supervision must ratify all decisions of management on company policy and on other questions going beyond the day-to-day operation of the business.

Employee involvement in decision making extends, under the West German mode of co-determination, across the broad spectrum of management decisions. Employee representation on both the boards of supervision and works councils is on the basis of universal suffrage of the work force involved. The unions have no special status, except the right under the recent new amendment to the Act, to nominate two of the employee representatives to sit on the board.

Through the board, the employees are informed of company policy, and are placed in a position to influence that policy. Through the works council they are similarly informed on the day-to-day operation of the business; here their ability to actually co-determine questions is greater: on some matters — staff transfers, hirings, firings, and job gradings — their consent is required, and on others they have the ability to have unresolved issues referred to the labour courts for arbitration.

Unions have less exclusivity in representing employee interests to management under the West German system of industrial relations than they do in Canada. But at the same time, the West German unions have greater certainty and assurance in representing the labour force's interests in the economy as a whole to government.

Employee involvement in decision making extends, under the West German mode of co-determination, across the broad spectrum of management decisions

Union shops in which all employees in a certain occupational category must be members of the union are not common in West Germany. Most plants employ both union and non-union members. The works council represents all employees alike. It is the council, rather than the union, which handles the day-to-day contact with the employer and assumes responsibility for the administration of the collective agreement, grievances, and the rights and standards of employment laid down by government regulation.

Collective bargaining,on the other hand, is virtually the exclusive domain of the 16 industrial unions comprising the Federation of Trade Unions. There are only isolated splinters from the federation, and few independent locals. The collective agreement is generally province-wide in scope, rather than company or plant-wide as in Canada; the individual local probably enjoys less autonomy than here. Union certification is a matter of tradition rather than of law.

Once the collective agreement is concluded, however, it is the works council, rather than the union, that negotiates with the employer its application in specific terms to the particular plant. Differentials around the base rate, the setting of rates above the collective agreement scale and the application of scale to non-union members are the responsibility of the works council. Union and non-union workers tend to be paid the same.

Connaghan, in his report *Partnership or Marriage of Convenience*? advanced the following "proposals for action":

- As a means of making key groups within Canadian society more aware of the Canadian economic milieu, both in terms of domestic markets and international trade, the federal government could form a consultative group drawn from all major economic units in Canada. Such a body would have as its primary purpose the review of the economy and would be based on the West German "concerted action program" model.

By bringing together for periodic review of the economy, such groups as banks, financial institutions, business organizations, trade unions and all levels of government, for these groups would realistically evaluate the true state of the economy before placing undue pressure on it by the imposition of higher interest rates, increased prices, or high wage demands.

In order to give the program credibility, and to indicate the commitment and involvement of the central government, the program should be under the direction of the federal minister of finance.

Recognizing the jurisdictional problems involved in labour relations in Canada, it may not be possible to adopt a centralized approach for the collective bargaining component of the

economy. However, this problem could be overcome by ensuring that the collective bargaining parties are represented on a provincial basis.

• Another German innovation which Connaghan says is worthy of duplication is the work of the Council of Economic Advisors ("Five Wise Men"). This approach, which provides factual and credible economic data, has been credited with providing the various economic groups including unions and management, with a realistic evaluation of the state of the economy.

In Canada, a similar body could be formed either as part of the existing Economic Council of Canada or as a completely separate and independent agency. Irrespective of the organization, the economic panel should be staffed by independent and reputable economists drawn from the academic sector. It would be important that the findings and forecasts of the panel, be given widespread publicity by the government.

• One of the unique features of the West German labour-management system is the involvement of the collective bargaining partners in the political process. Nowhere is this involvement more noticeable than in the procedure used in making changes to legislation affecting labour-management relations. This approach could assist in removing the sense of alienation on the part of either labour or management, when changes in labour legislation are introduced in the various jurisdictions in Canada. In addition, such an approach could assure a high level of acceptance.

In order to ensure that there is maximum input from both labour and management on changes to legislation affecting labour relations, all jurisdictions, federal and provincial, should be encouraged to review their existing legislative procedures and make whatever changes are necessary, so that full consultation can be held with the collective bargaining parties in advance of legislation being introduced and passed into law.

What do workers want?

Workers, like managers, typically express a rather pragmatic interest in workers' participation. ...Workers evaluate participation schemes basically in terms of a perceived personal pay-off. They will ask themselves the rational question: "What do I get out of it?"

Numerous participation schemes have failed in the past, precisely because the workers did not perceive any personal pay-off resulting from them. If workers do not see this pay-off in a participation scheme, the likely result will be that the scheme is perceived as a management instrument — or even a trade union instrument geared to union organizational ends — which really does not serve the workers' needs. A worker is a rational being who is only willing personally to participate in organizational decision making if he expects that through participation his own goals can be advanced.

Much has been written about true goals of workers. Obviously, these goals are multi-dimensional in character but they can be reasonably summarized as follows: income security, job security, higher wages, good working conditions, pleasant social relations, and interesting work. Some of these workers' goals cannot be furthered through direct participation at the shopfloor level.

Decisions regarding income security, job security and wages are generally taken at organizational levels far removed from the shopfloor. Indirect or representative systems of workers' participation were constructed exactly to safeguard these important workers' goals as much as possible.

An argument presented on several occasions during the OECD seminar in Versailles, in 1975, was that workers, like managers, are interested mainly in direct forms of participation. Questionnaire studies from different countries were cited in support of this argument. In a variety of countries, it appears that a majority of workers favour the general notion of workers' participation in managerial decision making.

Where workers' representation on the board of directors exists, the majority of workers support this institution; however, a relatively small proportion of workers express interest in *personally* taking part in bodies concerned with higher level decision making. This is certainly not surprising since most forms of indirect participation are not close to workers' concrete experiences at the shopfloor. On the other hand, the proportion of workers interested in personally influencing decisions directly related to their own work situation is substantially higher.

In terms of a concrete example, these findings can be interpreted as workers having a more active

• It is widely recognized in contemporary German labour relations circles that the construction industry has the highest level of labour-management stability of all German industries. This is due to the unique relationship between the collective bargaining partners as well as the introduction of certain innovative benefit programs for workers and contractors within the industry.

The full extent of this relationship and the true impact of the benefit program cannot be adequately covered in an article of this length. The reasons for the construction industry stability are sufficiently important that further examination and study is warranted.

Unions have less exclusivity in representing employee interests to management under the West German system of industrial relations than they do in Canada

Accordingly, the federal government could provide leadership by appointing a commission of inquiry to study in depth the labour-management relationship in the West German construction industry. The commission should be composed of representatives of both labour and management drawn from provincial organizations. It should have the authority to visit West Germany and examine the labour-management relationship at first hand and to invite representatives of the German construction industry to visit Canada for discussions.

• The degree of sophistication and the professionalism exhibited by the West German trade unions is worthy of duplication. This is an area which could be of value to Canadian labour relations and one in which the federal government could take certain initiatives.

interest in direct participation than in workers' participation on the board of directors. This finding — plus the demonstrated fact that workers' knowledge about the functioning of the representative institutions is rather restricted — led some of the delegates at the seminar to the conclusion that forms of participation other than direct participation were externally imposed on management and workers alike.

This conclusion, with its distinct practical implications for management policy, is open to debate, however. Some observers of the industrial relations scene maintain that from a historical perspective, trade unionism is the only form of participation which organically developed from within groups of workers. The fact that today only small percentages of union members regularly attend their union's meetings does not imply lack of support for the union and its policies.

Tentatively, it can be concluded that workers are not so much interested in the *processes* of indirect participation (trade unions, collective bargaining, board representation) as in the *outcomes* of these processes: the general protection of their individual jobs and income. ...[There is] an analogy between the workers' lack of knowledge about the participatory institutions and the average citizen's lack of knowledge about matters of government and politics generally; absence of detailed knowledge does not imply lack of support for these institutions.

Management policies based solely upon direct participation could therefore lead to serious repercussions. Not all workers' goals can be met through this type of participation. Indirect forms look mainly after the extrinsic aspects of work (wages and working conditions — the distributive issues in labour-management relations), while direct forms of participation tend to focus more on the intrinsic work aspects like the degree of variety, autonomy in work, and the character of the social relationships — generally the more integrative-oriented issues. This does not imply that the different forms of participation should not interact with each other. On the contrary, communication and co-ordination between the different participative institutions and processes is necessary to reach higher levels of achievement in terms of both management's and workers' goals.

From the perspective of the individual worker, the different forms of participation serve his different needs and interests. Effective management will only be possible if these different needs and interests are explicitly recognized in organizational policies and practices.

From: **Workers' Participation** *final report on an international management seminar convened by the Organization for Economic Co-Operation and Development, March 1975.*

The federal government, either individually or on a joint basis with the provinces, could initiate programs designed to encourage both labour and management to inform labour-relations practitioners on a range of relevant subjects which would equip them for their work and responsibilities in collective bargaining and in day-to-day industrial relations activities. This could be accomplished in a number of ways:

- Through labour-management institutes established and administered by government, or
- by government-sponsored labour-relations programs at educational institutions, or
- by providing financial assistance for the establishment of programs to be administered by either labour or management or on a joint basis.

In order to assist in the development of a higher sense of awareness among the collective bargaining parties of economic matters, the federal government, by providing financial assistance, could encourage the establishment of economic research institutes to be administered individually or jointly by the collective bargaining parties.

- Collective bargaining trends, including innovative programs and approaches to labour relations problems in other countries, could prove valuable to Canadian labour relations practitioners.

To insure that this kind of information is made available, the federal government should consider the establishment within the Canada Department of Labour, of an agency to disseminate such data. This information could be distributed to labour-relations practitioners throughout the country on a continuing basis.

...Connaghan has proposed to the federal department of labour that it initiate further study of the works council concept

- One of the reasons given for the success of the West German labour-relations system is the presence of well-established bargaining structures. On the union side this has been accomplished by having only one union in each industry. The emergence of a strong, highly-centralized management bargaining agent in each industry has added to the stability. Within the West German construction industry, the existence of only one union has overcome many of the inter-union jurisdictional disputes which have become commonplace in the Canadian construction industry.

While some progress has been made in Canada in forming more effective collective bargaining structures, more progress is needed if labour relations stability is to be improved. The federal government and provincial governments could assist in the development of more harmonious labour-management relations by encouraging the establishment of collective bargaining structures based on the West German model.

- Worker participation in the management process is another reason given for the success of the West German labour-management system. Worker involvement now is an accepted fact by both the union and management groups. The full West German co-determination model, with employee participation at both the works council and board of supervision levels, would have little chance of being widely accepted in the contemporary Canadian industrial relations milieu because of its historical development and its social and political evolution. Despite this, the works council approach has served in West Germany as a vehicle for developing trust between the collective bargaining partners.

With this in mind, Connaghan has proposed to the federal department of labour that it initiate further study of the works council concept with a view to modifying the West German model to fit the Canadian labour relations environment, or at least to identify those facets of the scheme which could improve our labour-management relations. This could be done in a number of ways.

One method would be to select a number of West German industries for examination by groups of labour and management representatives from equivalent Canadian industries. These groups should have the authority to visit West Germany to examine the day-to-day operations of works councils.

Another approach would be for the federal government to encourage the establishment of works councils on a test basis in the public service or in selected Crown corporations. lg

Co-determination in Canada: what forms could it take?

by Paul Malles

All industrialized countries of the West have developed industrial relations systems based on collective bargaining. As a German trade unionist once remarked, the issue of *co-determination* arises in fact as soon as the determination of wages and working conditions changes from a master-servant relationship to negotiations between legally equal partners. Collective bargaining, therefore, is by definition already a form of co-determination. The nature of the collective bargaining process largely determines the scope and specific institutional forms that co-determination assumes.

The most basic difference between the European and North American bargaining systems concerns the levels at which collective bargaining takes place. The typical American and Canadian collective agreement has — with exceptions that only confirm the rule — remained a contract between an individual employer (enterprise) and his work force, represented by the union of the workers' choice. In Europe, where centralized trade union and employer organizations have grown up side by side, industrial relations has developed as an organization-to-organization relationship to which the individual employer and his work force are subject.

Thus, when collective bargaining, after long resistance by employers, finally took hold in Europe it did so under circumstances that greatly furthered the centralization of negotiations. This tendency was

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enhanced by the pressure of postwar reconstruction and the needs of economic planning. In consequence, the typical European collective agreement, whether negotiated nationally or sectorally, became a common denominator for a wide variety of enterprises operating under differing conditions of profitability and productivity.

Among the major industrial countries of Europe, only France knows universal minimum wage legislation. A number of other countries rely on legal "extension of contract," or have minimum wage regulations for specified groups of workers. Thus the European central collective agreement left a gap that needed to be filled by a plant-level institution to control the observation of the collective agreement and of labour standards law. These plant-level institutions now provide machinery for redress. Most important, they provide an instrument for adjustment to the requirements and abilities of the individual enterprise.

The institution of such machinery at the plant and/or enterprise level became a necessity. We therefore find elective plant level bodies usually under the name of "works councils" established by agreement or more often by law, which may be — as in Germany and Austria — composed entirely of employee representatives, or which may be joint labour-management bodies.

If we then look at what goes under the rather emotionally evocative term of "co-determination," we see that to a large extent, the corresponding agreements and laws endeavor to establish machinery for dealing with matters that are normally included, as a matter of course, in North American collective agreements because they are already geared to the conditions, requirements and the individuality of the enterprise in question. Furthermore, one of the consequences of the centralized organization-to-organization relationship between management and labour prevalent in West Germany is the frequent lack of union presence at the enterprise and plant level. In consequence, European trade unions have for years attempted to strengthen their influence within and over the works councils.

Virtually all the changes and reforms of works council agreements and statutes in recent years have put emphasis on the relationship between unions and these plant- or enterprise-level bodies. The German federal minister of labour stated in connection with the revision of the German Works Constitution Act that it had "to guarantee a stronger presence of the trade unions and an increase in their rights and functions within the enterprise" —

a part of the revision to which the employers objected most strongly. Similarly it may appear rather surprising that as late as 1974, the Swedish Government found it necessary to take recourse to an "Act concerning the Position of Trade Unions' Representation at the Work Place."

Although many of the co-determination aspects of the various works council Acts are substitutes for enterprise- and plant-level bargaining, it must not be overlooked that their statutory character confers such rights not only on the work force in organized enterprises but also on the unorganized. This is particularly true of West Germany, where behind the imposing façade of trade union organization in a number of key industries and in the public services only about 35 per cent of the labour force is organized. The statutory imposition of works councils on unorganized firms provides a machinery for agreement and redress that otherwise would be lacking.

Obviously, if we move from "plant level co-determination" within the framework of the works council system into the area of what is sometimes called "enterprise co-determination" — labour representation on managerial or supervisory bodies — the issue takes on an added dimension. Whereas the practical importance of the works council system under conditions of centralized bargaining is evident, in the case of participation of labour representatives on managerial bodies it becomes much more difficult to disentangle the various motivational and ideological factors from the practical issues. In particular, it is difficult to discover what tangible benefits the labour force is to derive from such representation.

The most basic difference between the European and North American bargaining systems concerns the levels at which collective bargaining takes place

The first legislation establishing the principle of a labour presence on managerial bodies (boards of control or supervisory boards) was passed in West Germany as far back as 1920 and incorporated in the Works Council Act of that year. Undoubtedly this Act was heavily influenced by the revolutionary events of the preceding years, which also saw for the first time the concept of collective bargaining enter into public law. The issue came to pre-eminence again after the Second World War, first through orders imposed by the Allied occupation authorities, and then through the laws of the reconstituted Federal Republic of West Germany. Not, however, without lengthy parliamentary debate and after a threatened general strike in the coal and steel industry. It has remained a central theme of West German trade union policy ever since.

The German co-determination system is based on two pieces of early postwar legislation, the Works Constitution Act of 1952 (as amended and revised in 1972) and the Co-determination Act of 1951 (and the supplementary Act of 1956) applicable only to the coal and steel industry. The 1976 Co-determination Act extends this system — with two restrictions — to all companies with more than 2,000 employees.

The earlier Acts were preceded by corresponding laws imposed by the Western occupation authorities. They were motivated by distrust of German management, especially in the heavy industries, because of the role it had played in bringing the Hitler regime to power and the strong support it had given the regime during the 1930s and the War.

To establish a countervailing power based on labour and the trade unions, many of whose leaders spent the War years in concentration camps or exile, seemed to be a safeguard against a repetition of this experience and a guarantee of a pro-Western orientation of German labour. German industrial management submitted, not only because it had no other choice, but also because it realized that only with the willing assistance of labour could the German industrial base be saved for the tremendous task of postwar reconstruction.

...European trade unions have for years attempted to strengthen their influence within and over the works councils

Two additions to the 1952 Act also should be mentioned. One concerns changes in job design and work environment and is directed toward the adjustment of the production process to human requirements. These are subject to consultation, with final reference to the Conciliation Committee. The other concerns the relationship between the trade unions and the work councils. Although intended to strengthen the position of the unions in this regard, it failed to satisfy union demands and was strongly opposed by employers. It may well have contributed to the

continuing drive of the unions to be represented on managerial bodies.

Leaving the politico-ideological ramifications aside, what has the German co-determination system produced in practical terms? This is not easily answered. There exists an abundance of ideologically-oriented literature, but only very few studies that deal objectively with the matter.

As far as the Works Constitution Act is concerned, there is little doubt that in the course of time, the works council system has, for obvious reasons, found the full approval of the work force. In fact, whatever surveys have been made have shown that as far as individual workers and employees are concerned, their understanding is to equate co-determination with the works councils.

The statutory imposition of works councils on unorganized firms provides a machinery for agreement and redress that otherwise would be lacking

On the employers' side the works council system has equally found approval. The fact that in general, the employers deal with the trade unions only in centralized negotiations, (with their employees through the works councils) may well explain this approval of the Act.

Even the provision of the Act that calls for minority or partial co-determination within boards of control is no longer regarded as a particular threat to managerial prerogatives. This may be less surprising when considering that whatever evidence exists seems to indicate that the labour representatives on the boards of control have in the main been concerned with the traditional labour issues — particularly job security.

In a generally booming economy, the cost of "social plans" in case of rationalization and automation was easily and willingly borne by the enterprise. Even in the area of investment, the main concern of the labour representatives appeared to be what effects it would have on jobs. In the area of fringe benefits it is difficult to isolate the effects of co-determination from what a labour-hungry management in a very tight labour market would in any case have offered to bind workers to the enterprise.

As far as wages are concerned, this is seldom a matter that is dealt with by the boards of control. The upward adjustment of wages from the centrally agreed minimum (the so-called "wage drift") is located at the works council level. In fact, critics have often charged that the system encourages what is sometimes called "plant egotism" or "plant patriotism" which may contradict general wage earner interests or national economic policies. This has reached the point where even the trade unions are finding it worrisome and argue for the presence of outside trade union officials so as to have "the opportunity to bring to bear overriding interests of the working population as a whole on the activities of the individual enterprise."

One may also ask whether the West German co-determination system has contributed over lengthy periods to the relative absence of open industrial conflict in that country. A definite conclusion

Co-determination is an umbrella term for many issues common to all industrial relations systems

cannot be reached because too many other factors are involved. There are many other ways in which labour's dissatisfaction can express itself. Nor have sporadic and wildcat strikes been totally absent. Moreover, with the exception of France and Italy, there has been since the late 1950s — until very recently — a general absence of major conflict in most Western European countries, even without the elaborate West German co-determination system.

If the purpose of co-determination is to establish a balance between the rights of ownership and the rights of labour in managing the production process, there is an inherent logic that leads the issue back to the question of ownership. For many decades the issue was seen in terms of public versus private ownership. In more recent years, there has been a perceptible change in that respect in a number of European countries. One of the reasons may be the development of the welfare state, made possible by the rapid recovery of the European economies following the Second World War, and, until very recently, the relative absence of unemployment, the persistant and regular increases in real incomes and standards of living. All this created a climate in which there was little impetus for radical change in the social structure in favour of nationalization. Also, there was the outright rejection of Soviet communism which clearly established dangers for the

democratic labour movement under conditions of total state ownership.

If state ownership was not the ideal form of industrial democracy, was there an alternative? From the late 1960s and early 1970s onward, a new idea began to emerge — co-determination. Yet, co-determination itself raised the question of whether labour would have to carry the responsibility for economic decision making in areas over which it had no control — unless labour obtained ownership rights. As co-determination gained ground, so did the idea that it had to be supplemented by efforts to secure *co-ownership* for labour.

It can hardly be denied that Canadian collective bargaining in its present highly-fragmented stage is confronted by many problems

We cannot enter in this context into the details of the various schemes and programs that have been developed for this purpose. It suffices to refer to the German Acts concerning Capital Accumulation in Workers' Hands introduced first in 1961 and elaborated in 1965 to widen the scheme so that collective agreements could be used for the purpose of encouraging savings subsidized by government premium payments. This scheme turned out to be highly effective as a savings plan contributing to the exceptionally high savings rate in Germany, and incidentally as an anti-inflation measure. However, it missed the point as far as labour's co-ownership was concerned. New plans for collective profit-sharing and investment funds for labour are now in preparation.

As for the Canadian situation, our labour force is still large and growing. However, according to estimates of the Economic Council of Canada, as early as the end of this decade, the annual growth of the work force will be reduced from the usual 3 per cent annual average, to less than 2 per cent, and by the middle of the next decade it will fall to about 1 per cent. In other words, without an appreciable increase in productivity, the rate of economic growth in Canada may well decrease by over one-half within the next 15 years, with all that entails for our standard of living.

If co-determination in Canada is seen as a means to improve the qualitative use of a much better-educated labour force by engaging its latent initiative and sense of responsibility, then the question is no longer whether or not to adopt co-determination but what institutional forms it can or should take within the Canadian industrial relations system.

Obviously, any answers attempted here can only be highly speculative, if for no other reason than that the issue has as yet never been posed except in highly generalized terms. Nevertheless, "co-determination" questions, such as the issue of management's rights, and especially residual rights, have been in the forefront of Canadian concern. The question of whether the "boss-bossed" relationship between management and its employees is the only or even the best way to organize the production process and contribute to greater productivity has also been raised in the Canadian context.

In other words, co-determination is an umbrella term for many issues

Collective bargaining...is by definition already a form of co-determination

common to all industrial relations systems.

The co-determination systems in Europe are in the main, the outgrowth of a centralized negotiation system that creates its own set of problems just as the fragmented Canadian system has created its own. Indeed one may conclude that in so far as the practical purpose of co-determination is concerned, there are few, if any, questions raised by the issue that in principle could not be taken care of by a combination of collective bargaining and public policies. Seen from this point of view, a change in attitudes rather than radical institutional change is required.

Nevertheless, some doubts remain as to whether co-determination can be easily dismissed in the Canadian setting. The question is not simply whether the Canadian collective bargaining system can *in principle* deal with the issues of co-determination but whether it does and can do so in practice?

It can hardly be denied that Canadian collective bargaining in its present highly-fragmented stage is confronted with many problems. Many of the issues involved are issues of a long-range nature. Yet, the lengthening negotiation periods, often far beyond the expiry of contracts, would indicate that periodical collective bargaining is already over-burdened by trying to resolve plant-level problems that

arise in the intervening period under conditions of rapid change.

May this not be, quite apart from the wage question, among the reasons not only for the increasing frequency of open conflict, but also for illegal strikes, and above all for the time it takes to settle a dispute?

For example, advance notice and/or consultation prior to the introduction of new production methods are lacking in about 75 per

...is the reliance on collective bargaining alone... realistic considering the limits on existing collective agreement coverage in Canada?

cent of agreements covering bargaining units of 200 and more employees. No provisions concerning industrial safety are included in many contracts. Hardly any provisions deal with the question of older and handicapped workers. Only about half of the agreements provide for the establishment of labour-management committees. May all that — and more — not indicate that there exists after all even within the Canadian collective bargaining system an institutional gap at the plant and enterprise level?

Moreover, is the reliance on collective bargaining alone, even if supplemented by public policies, quite as realistic as it may appear at first glance, considering the limits on existing as well as potential collective agreement coverage in Canada? It is not unreasonable to assume that at present,collective agreement coverage only barely exceeds 35 per cent of all wage and salary earners. This may well suggest that a very large part of the Canadian labour force, and within it groups that are the most in need of protection, depend entirely on the doubtful efficacy with which even the minima established under employment standards law are enforced.

This is not to deny that there still exists a large margin for the further spread of collective bargaining. However, even if all the impediments to collective bargaining inherent in the present system of the statutory bargaining unit and union recognition were removed, and all employer resistance were to cease, the purely financial and physical limitations placed on the Canadian trade union movement in its organizing and servicing efforts in a country of the size of Canada and a labour force spread over a very large number of small enterprises make it likely that a sizeable portion of the labour force would still lack the protection and enforcement machinery of a collective agreement.

There may be other alternatives, but one could legitimately ask whether a system of statutory works councils — with well-defined rules as to decision making and consultation rights — would not have certain advantages as a corollary to collective bargaining:

- as a prerequisite for consolidation — if not necessarily centralization — of the present highly fragmented bargaining system;
- to create greater uniformity in working conditions, which at present depend largely on the bargaining priorities and power relations at any given time;

The co-determination systems in Europe are in the main the outgrowth of a centralized negotiation system that creates its own set of problems...

- to simplify and unburden the periodic negotiation process through an instrument of continuing negotiation/consultation during the period of the contract and thus reduce the incidence of open conflict;
- to assist in breaking through the barriers inherent in a purely hierarchical enterprise structure between the units which plan and supervise the production process and the units which carry it out;
- to facilitate and directly involve the work force in experimentation with new work methods of job assignment and job design, to strike a better balance between the needs of efficient production and the needs and aspirations of the individual worker; and
- to provide better protection for wage and salary earners who are not covered by collective agreement, especially if the envisaged statutes stipulate as right and duty of the works councils the control over the observation of labour standards law, and if the councils have recourse to a conciliation and arbitration procedure not unlike that normal under collective agreement.

Such a system would not interfere with the structure of a Canadian company. In fact, it could simplify and consolidate existing plant-level

institutions and make existing labour-management committees more meaningful.

On the other hand, international experience has shown that the introduction of statutory plant level bodies has invariably given rise to the thorny issue of the relations between such bodies and the trade unions. This could, however, be ascribed primarily to the weak linkage between the unions and their membership in individual enterprises and at the shop floor under a centralized organization--to-organization relationship.

In Canada that problem may well be less acute, first of all because in all contract negotiations the negotiation team will normally contain employees of the firm, and because in larger companies the local union as such is identical with the labour force employed in the enterprise. However, the law could provide that local unions may supervise the elections to the works councils and establish ex officio membership of local trade union officials.

More serious could be the objection that the application of such a law to unorganized enterprises may in practice add another impediment to trade union organization and collective bargaining if it confers benefits of procedures which at present are available only under contract.

It is rather difficult to establish in practical terms what labour representation on managerial bodies has meant, and in what areas of enterprise activity the presence of such representation has made any real difference in corporate decision-making.

A system of statutory works councils...could simplify and consolidate existing plant-level institutions and make existing labour-management committees more meaningful

Nevertheless, it hardly needs stressing that labour representation on managerial bodies raises far more fundamental questions than are involved in the establishment of representation bodies at the shop level.

Even quite apart from the broader aspect of the role of the corporation in modern society, its responsibilities toward the shareholders, its labour force and the community at large — questions which may have to find their answers quite independently from the co-determination issue — labour representation on managerial bodies would have to be examined on three grounds:

1. What is its purpose? 2. What managerial bodies are involved? and 3. How would labour participation fit into the structure of the Canadian corporation?

A labour presence whose purpose is merely to serve — as the present Swedish model appears to imply — as an opportunity for labour to be informed in advance about the intentions of executive management or to receive more information as to the financial and economic situation and prospects of the enterprise, is one thing. If it were to involve participation in actual decision-making on issues of broader corporation policy, this would far more directly affect corporate structure and in particular the division of functions and powers between boards of directors and executive management, a point on which our present corporate law is rather silent. lg

The foregoing was condensed from a report prepared by Paul Malles for Labour Canada.

Industrial democracy West German style

by Rudolf J. Vollmer

In private industry, worker participation operates at two distinct levels — the shopfloor and the board of directors. On the shopfloor, the Works Constitution Act (1972) establishes a network of works councils throughout Germany in every establishment in private industry employing more than five persons.

The council is not a joint body, but represents exclusively the workers. Candidates for membership do not have to be union members. They are elected for three years in a secret ballot by all employees of the firm. On the shopfloor and, in particular, in plant bargaining, German unions can exercise influence and power only if they can manage to get elected to the works council.

Part of the works council's job is to ensure that all employees are treated equally and fairly; to see that effect is given to all Acts of Parliament, statutory instruments, regulations, safety rules, collective agreements and works agreements for the benefit of the employees; and to promote the employment of the elderly and disabled.

The works council has an equal say with management in deciding such matters as pay, working time, hiring, firing, promotion, training, deployment and transfer of workers, safety and pensions.

The members of a works council enjoy special protection and certain privileges to make them independent and efficient in their job. They cannot be dismissed by the employer while holding office.

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In larger companies, the chairman and other members of the works council have to be free from production work so that they can devote all their time to works council matters. The employer must provide appropriate facilities for the works council, and must defray all costs arising out of the council's activities.

In companies employing more than 100 workers, the works council appoints an economic committee of between four and eight members. It is entitled to information on all important matters, including manufacturing methods, automation, production programs, and the financial situation of the company.

If there is a deadlock between employer and works council on matters where the works council is entitled to co-determination, either side can bring the case before a joint arbitration committee, under an independent chairman, for compulsory arbitration.

In economic policy matters, particularly in the case of investment, it is the employer who has the deciding word.

Although 80 per cent of all works councillors are trade union members, in a system where non-union workers also have the right to vote and to be elected, the membership of works councils could easily change to the disadvantage of the unions. The main area where trade union and works council interests overlap and could therefore clash is that of collective bargaining. In practice, conflicts seldom occur. This is because West Germany has a dual system of collective bargaining — trade union bargaining and works council bargaining — with on the one hand a clear-cut distinction between the two and on the other overriding union influence.

Collective agreements between unions and employers are normally negotiated on a regional or national basis in one particular industry rather than at the level of the individual company. With the exception of a few big firms who negotiate their own house agreements, the counterpart of the union on the employers' side is not the individual company but the regional employers' association. On the union side, the bargaining power lies with the regional and federal offices of the individual union.

Union agreements usually lay down minimum wages and working conditions. They are normally supplemented by plant agreements that may improve the terms achieved by as much as 40 per cent. As a general rule, plant agreements are negotiated by the works council, not by the unions. Works councils can in law only negotiate on matters that have not yet been settled by the unions in collective

agreements at regional or national level. Union agreements always supersede plant agreements. This means that the union can override the plant bargaining privilege of the works council by asserting its own right to negotiate at a higher level. Furthermore, the works council is not allowed by law to call a strike in support of plant bargaining. It may use an overtime ban, however, often a much more effective weapon. It may also veto management decisions where under the Works Constitution Act it has the power to do so, or refer the matter under dispute to arbitration.

The decision when, where, against whom and how to strike is reserved for the unions. As a result, the power of collective bargaining ultimately lies in the hands of the unions. Through the rule that the works council has to operate within the framework of collective agreements, the unions influence and control even those works councils where their members are in a minority.

It would appear that the works council system has three great advantages beneficial to industrial relations in Germany:

- Though not perfect, it tends to create or at least favour a democratic balance of power between employer, works council and workers.
- It secures friendly co-operation between management and works council as representative of all workers and employees of the enterprise.
- It promotes industrial peace on the shopfloor.

In short, through their works councils workers in West Germany have achieved such influence and power that, today, they have an equal say with management in all decisions which are vital for their employment. This also gives to the unions a tremendous influence on the shopfloor, especially in plant bargaining. The only snag is that their members must be able to get democratically elected to the works council. In Germany, the unions have achieved this aim. They are practically running the works councils.

West Germany has a dual system of collective bargaining — trade union bargaining and works council bargaining

Although similar co-determination rights have recently been achieved in the public sector, the scope for worker participation here continues to be more narrowly defined and restricted than in private industry. The influence of employees on the general policies of their departments is fairly limited.

Under the 1974 Personnel Representation Act, personnel councils have to be established in all public agencies and enterprises. The rule is one council for each office, although very small and scattered units may be allowed to form a joint council.

The head of an office or unit has to meet with his personnel council for discussion at least once a month.

The personnel council has an equal say with management — in such matters as hiring, firing and promotion, pay and working time, assessment and control of work performance, layout of the workplace, training, accident prevention and appointment of medical and safety officers.

In all these cases, management action can only be taken subject to personnel council approval. Where there is failure to agree, the head of the office or the personnel council can refer the matter to a higher level. If there is still no agreement, the final decision lies with an independent arbitration committee composed of equal numbers from both sides under an independent chairman.

Unlike the single-board Anglo-American system, German companies have two boards: a supervisory board and an executive or management board. The supervisory board appoints the management board, scrutinizes the company accounts and is responsible for all major policy decisions. The management board conducts the day-to-day business of the company. The responsibility of both boards is solely to the company, not to the shareholders.

When the 1976 Co-determination Act is fully implemented by 1978, German workers will have three levels of board representation: genuine parity with shareholders in the coal and steel industry; one third representation in companies of between 500 and 2,000 employees; and "equal" representation in firms outside coal and steel with a work force of over 2,000.

The unions prefer the first level. Here all boards have an uneven number of members: 11, 15 or 21. On a supervisory board of 11 members, for instance, five will be appointed by the shareholders and five by the workers. The 11th member — known as the "neutral man" — is co-opted jointly by the two sides of the supervisory board. He represents the public interest and has a casting vote in the event

of a deadlock between the two sides.

In the coal and steel industries, the employees are also represented on the management board by an elected labour director. He has equal rights and responsibilities with his co-directors, who are usually the technical and commercial directors of the company. The labour director is, of course, generally in charge of employment and social questions. He is invariably a union man.

The new Co-determination Act, passed in April 1976, represents a complex political compromise achieved after years of detailed and sometimes painful negotiation. It is not yet full parity because it ensures that the shareholders will prevail if there is a deadlock.

The new legislation affects 7 million workers in 650 firms making up 70 per cent of German industry. It embodies the following principles:

- The supervisory board in every major company will be made up equally of workers' and shareholders' representatives, usually 10 from each side.

- Of the 10 workers' representatives, seven are chosen from the shopfloor and from the staff of the company, and three must be union officials from outside.

- The workers' side on the supervisory boards must represent all employees in the company, and must include at least one senior executive.

The supervisory boards will be composed equally of shareholders' and workers' representatives in the following proportions:

...an atmosphere of "social partnership"...is one of the main reasons for industrial peace in Germany

- Firms up to 10,000 employees — 6:6

- Firms with from 10,000 to 20,000 employees — 8:8

- Firms with over 20,000 employees — 10:10.

Both sides of the supervisory board elect jointly a chairman and his deputy, one from each side, by a two-thirds' majority. If this cannot be obtained, the shareholders provide the chairman and the workers his deputy. In the event of deadlock it is the chairman who has the casting vote.

Both unions and employers dislike the new legislation but realise that they have to learn to live with it. For the employers, it goes too far. For the unions, it does not go far enough.

Besides their role as industrial partners, West German trade unions and employers play an important part in government and public administration.

In Parliament, more than half of all deputies are union members. And they have developed considerable skill in pushing demands through Parliament that otherwise they could not have hoped to achieve by collective bargaining. On the other hand, both unions and employers in Germany are prepared to accept the responsibilities that come with power.

Health insurance, old age pensions, industrial injuries and unemployment insurance, employment services, occupational training, retraining, and rehabilitation are in practice run and financed by both sides of industry. All these services are administered by self-governing public corporations which enjoy organizational and financial autonomy.

This means that public funds representing more than one quarter of Germany's total gross national product are to a large extent jointly run by both sides of industry.

Joint responsibility for social security, employment services, training and rehabilitation has helped to create an atmosphere of "social partnership," which no doubt is one of the main reasons for industrial peace in Germany. Employers and trade unions may in collective negotiations quarrel about how to divide the cake. But they basically agree that it is their joint task to make the cake big.

It is accepted, today, in Germany that human skill and mobility have become the most important factor for economic growth, even more important than capital. We believe, therefore, that our technical, economic and thence social progress depend more than ever before on what we are ready to spend on health, education, training and social security. Government, trade unions, and employers in Germany agree that social policy has become a "pacemaker of economic progress." lg

Workers' participation — the European experience

by Friedrich Furstenberg

In several Western European countries the focus of union activities traditionally has been upon influencing large-scale social and economic policy or at least shaping industry-wide wage levels and conditions of work. In such cases, special provisions were needed to ensure adequate functioning of industrial relations at plant or enterprise level. Therefore, we find the emergence of representative systems within the enterprise, serving the interests of the work force.

With regard to the plant- or enterprise-wide representation of workers' interests, we can distinguish between representative bodies limited to employees only (works councils), like in West Germany, Austria and Italy, and such bodies with joint membership of labour and management representatives (joint committees). The latter can be found in the Netherlands, Belgium, France and Scandinavia. While these bodies are based upon national agreement both in Scandinavia and Italy, in the other countries mentioned, they are established by legislation.

As far as concerns workers' participation on managing boards, only two types have drawn larger attention: the labour-director in West German co-determined coal and steel industries and the worker-director in the British steel industry. The West German labour director, usually nominated by the trade unions, acts as a full member of the managing board, mostly performing the functions of a director for personnel and social affairs. The worker-director in the British Steel Corporation is also nominated by the unions, but he is not vested with any managerial function or executive responsibility.

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In West Germany, numerical parity between shareholders' and employees' representatives on the supervisory board has been limited to the coal, iron and steel producing industries. In the other industrial sectors — as in Austria — the proportion of workers' representatives on the supervisory board has been limited to one third of the members. Even the recently adopted co-determination law covering all companies with more than 2,000 employees, establishes a decisive majority for shareholders' representatives by granting the deciding vote to the chairman, who must be of their group. In other Western European countries like the Netherlands, France and Denmark, worker representatives on supervisory boards are minority groups and in the French case, even restricted to purely consultative functions.

Several striking features of works councils both in West Germany and Austria should be kept in mind when evaluating their activities.

- They are elected by all employees of the enterprise. They are formally independent of the unions.
- They cannot call a strike, but they have the right to sue management in case of breach of contractual or legal provisions. In such rare cases, the labour courts come into action. Failure to agree usually leads to the issue being referred to an arbitration tribunal.
- A wide variety of rights is granted to works councils — covering information, consultation and co-determination.

In West Germany and to a lesser degree in Austria, the legally provided rights of works councillors far surpass the rights of their colleagues in other countries, the shop stewards in Britain included.

Nevertheless, the system of works councillors creates certain problem areas, limiting the effectiveness of participation. Each works council operates within a social tension field, comprising its constituency, management and the union.

Its proper functioning therefore depends largely on the attitudes of these groups and the chances for establishing a "neutral" zone of

co-operation. The works council is supposed to function as a connecting link between employees, trade unions and management, serving as a kind of buffer between conflicting spheres of interest.

The relations between the works council and its constituency are largely shaped by the problem of proper representation. Employees in modern plants are split up into numerous formal and informal groups each with its own goals. Consequently, it is difficult to reflect this structure in the composition of the works council. Usually, some groups, such as female workers, shift workers or foreign workers, are underrepresented. Evidence shows that among blue-collar workers, the higher skill grades have better chances to get their candidates elected. Usually, blue-collar and white-collar employees have separate lists of candidates.

For the most part, a newly-elected works council has to face a certain amount of antagonism toward and lack of interest in its work by the voters. In larger plants, unavoidable bureaucratization of the works councils' activities intensifies such existing alienation. The appointment of "Trusted Men" in each workshop and office often helps to facilitate two-way communication between works councillors and their constituents. The findings of empirical research underline the trend towards re-election of the chairman of the works council, thus making this office a quasi-professional function.

Likewise, the widespread activities of the works council require a growing specialization of its members in order that they may negotiate effectively with management experts. There is a wide range of special committees, the most common being committees for problems of wage setting, for accident prevention, for problems of white-collar employees, for problems of female workers, juvenile workers and apprentices, for social welfare, and for problems of physically handicapped workers. Thus, an orderly-functioning works council usually has a quite complex structure. The more it is able to match management's qualifications during negotiations, the more its members become professionalized, thereby creating social distance between themselves and the average employee.

The works council is supposed to serve as a kind of buffer between conflicting spheres of interest

The institution of works assemblies, which take place during working hours, has not proved to be a sufficient means to neutralize oligarchic tendencies within the works council. Since most employees are not interested in detailed reports on the works councils' procedures and since only great successes, plans or political problems prevent persons who are present from falling into paralyzing lethargy, the discussions seldom remain relevant. Though such meetings are required to be held four times a year, an empirical study of the West German electronics industry has shown that they take place quite irregularly. Out of 104 plants surveyed, they were conducted once in 19 plants, twice in 33 plants, three times in 35 plants, four times in 15 plants, and not at all in 2 plants. There was also a noticeable trend towards a steady decrease in the average participation of employees in these works assemblies.

Management usually attempts to utilize the works councillors' functions for its own purposes and to integrate them into the existing social system of the factory. This is usually done by inviting the works counsellors to assume functions or to organize social activities offering the employees some material gain.

Administration of social institutions, control of working conditions according to the provisions of law, and especially participation in selecting workers who have to be laid off in cases of work shortage, are examples of works council activities supporting the personnel department.

Though there are some cases where the works councils identify themselves thoroughly with managerial policy, other cases can be observed where the works councils show a high degree of militancy toward management. In the long run, the success of a works council is guaranteed only when it is identified neither too closely with management nor with trade unions.

The relationship between works councils and the union poses the problem of solidarity. In spite of the legally autonomous status of the works council, councillors are usually union members and often act as union officers in the higher ranks. Membership in a works council also is an important step in a career, ultimately leading to the office of union secretary, or even political office. There also are strong informal organizational ties between the works council and the union. Newly-elected works councillors are trained in union seminars and they also receive special information and advice necessary for their activities. In

conflict situations, trade unions are the only organizations that can strengthen the works councils in their dealings with management.

On the other hand, works councils have to act successfully within the enterprise, thus taking into consideration both workers' interests and managerial goals. There are issues where a certain "company-mindedness" of the works councils conflicts with a union policy. West German unions also are far from totally controlling the composition of works councils. In the elections of 1968 within the Siemens Company 41 per cent of newly-elected works councillors were not organized in the union. Shortly after the elections, however, most of them became members.

In conclusion, the works council is a marginal institution at the cross-point of three large interest groups: management, trade unions and the employees of the enterprise. Only in a few cases will it be possible for one of these groups to constantly use the works council for its own purposes. In most cases, the works council will make policy according to its real situation, trying to find a workable solution to the problems of representation, plant-integration and solidarity. Very much depends upon the diplomatic skill of its members and their level of knowledge. But its success or failure is decisively influenced by external factors. If there is a peaceful situation between employer associations and trade unions, and full employment due to an economic upswing, there will be good chances for a successful working of the works council. In other situations, the conflict within the larger society will also affect the works council by provoking instability.

The greatest industrial relations achievement of the works council is perhaps the establishment of rather smoothly functioning grievance and negotiation machinery within the single plant and the larger company. This enables unions to concentrate upon a policy directed toward larger social and economic issues and provides at the same time the proper representation of employees' interests.

The greatest achievement of the works councils is perhaps the establishment of rather smoothly functioning grievance and negotiation machinery

Works councils based upon agreement seem to be less exposed to the dangers of formalized relations and may permit greater spontaneity of action.

Labour directors were established in the West German mining and iron and steel producing industries by the Co-determination Act of May 21, 1951. They are appointed in the same way as other members of the managing board but they cannot be appointed against the wishes of the employees' representatives on the supervisory board.

These directors usually are men trusted by the unions. Though a special concern of the labour director is the execution of policy on personnel and social matters, he participates fully in the shaping of general company policy, which has to be jointly laid down by the members of the managing board. Thus, a basic dual allegiance is established: the labour director is responsible both for effective management and effective representation of the workers' point of view.

In 1960, about two thirds of all labour directors were in charge of the entire personnel organization, but only between one third and one half of the labour directors played an actual part in the employment and dismissal of those staff members not covered by collective agreements. Experience has shown that the labour director can handle his difficult situation only by attempting to become fully integrated in management and socially recognized by his colleagues on the board.

Labour directors, usually are not recruited from among works councillors or union members. They have high qualifications and tend to be experts rather than politicians. From the employees' and unions' point of view, their main function is shaping personnel and social policy within the enterprise so as to reconcile economic and social requirements. In practice, this amounts to introducing modern methods of personnel management.

There is no direct representation of workers' interests within the managerial board outside the mining, iron and steel industries.

In dealing with workers' representation on supervisory boards, two types of legal provisions have to be considered. In case of minority representation, members elected by the work force cannot influence decisions against the will of shareholders' representatives. Such situations are typical of supervisory boards with a two-tier structure in Austria, France, the Netherlands, Denmark and in West German industry subject to the Works Constitution Act. The latter prescribes that one third of the members of supervisory boards, in joint stock companies, and limited liability companies with more than 500 employees, have to be

employee representatives nominated by the works councils.

The second legal type is workers' representation on a parity basis. Thus far this has been achieved only in the West German coal mining and steel industries. The Co-determination Act prescribes a parity of "capital" and "labour" representatives, the former being nominated by the shareholders, the latter by works councils and unions. Both parties elect one "neutral" man. Although the recent Co-determination Act adopted by Parliament extends this system to all German companies with more than 2,000 employees (LG, June, p.290), there are two restrictive provisions. At least one employee representative must be nominated by the so-called "Leitende Angestellte" (employees with managerial functions). In conflict situations, the chairman (nominated by the shareholders) casts the deciding vote.

In order to evaluate the functioning of workers' representation on supervisory boards, one has to take into account the proper meaning of these institutions in Europe. The legal function of supervisory boards is mainly the election and control of the managing board. In practice, especially during periods of booming business, the actual activities of supervisory boards do not amount to much more than co-ordination, advice, and formal ratification of decisions already made by the managing board. In West Germany, supervisory boards usually convene once every three months, making their activities rather remote from actual managerial practice.

In terms of actual power relationships, minority representation of employees on supervisory boards must be seen as a means of improving consultation and information. Works council members on supervisory boards certainly have some advantage over their direct partners in plant management, who quite often get only second-hand information rather late. Though workers' representatives have no decisive veto rights, their consent usually is valuable to shareholders' representatives. They may therefore achieve some compensation for the work force.

...the voting procedure is less important than the informal consultations preceding it

One typical case was the decision for a higher dividend taken by the supervisory board of a big West German automobile firm. Workers' representatives at first objected to this decision until a high bonus payment for all employees was granted at the same time. The interests of workers' representatives of course focus on all measures likely to affect employment conditions, such as changes in the proprietorship of the firm, plant closures, changes in products and production. Early information on plans in these areas may help the works councils to take appropriate measures. On the other hand, preliminary decisions taken by the president of the supervisory board, may quite often block workers' influence.

The functioning of co-determination in the West German coal and steel industries has been subject to several empirical studies, the most recent being the Biedenkopf Report of 1970. West German supervisory boards operating on a parity basis, did not bring about revolutionary changes in company policy. The boards are operating rather smoothly and unanimous vote is the rule. This is fostered by legal provisions and by the already-mentioned fact that decisions very often amount to approval of plans already discussed in detail at lower levels. Therefore, the voting procedure is less important than the informal consultations preceding it. They usually take place between works councils and union officials on the one hand and employers' representatives and members of the managerial board on the other. The neutral member on the supervisory board usually does not act as the caster of the deciding vote — his functions are rather those of a mediator.

The decisive problem for supervisory boards is setting long-term goals for company policy. Under West German co-determination, profit-orientation is not really questioned. Major projects by management have not been prevented by workers' representatives, as can be seen by analysing merger proposals or the issue of pit closures. Workers' representatives, however, have been able to demand proper consideration of social aspects in such situations. Thus, supervisory boards have become interested not only in technical and economic but also in social matters, particularly organizational restructuring.

The Biedenkopf-commission did not find any evidence that there has been a severe breakdown of confidence, or action by workers' representatives against the well-being of the enterprise. On the contrary, the rather problematic restructuring of the West German coal mining industry proceeded without any major strikes and social unrest, which certainly is due

largely to workers' participation in all major decisions in this matter.

In sum, present provisions in Western Europe for workers' representation on supervisory boards do not amount to real co-determination in all managerial affairs. The very structure of supervisory boards and the legal framework within which they operate offer rather indirect opportunities for influencing company activities. It is the managerial board that decisively shapes the technical, economic and social reality of the enterprise. The authority of management decisions is not questioned by the representative system, but the basis for its legitimacy has been changed.

In order to understand the implications of representative participation through works councils, managerial and supervisory boards, such institutions have to be regarded within the whole system of industrial relations. It is particularly important to notice that such types develop successfully only where they fit in the overall system. Countries with company unions like Japan or with plant bargaining like the United States or with negotiating union bodies at plant level like the shop stewards in Great Britain cannot, at the same time, develop works councils of the West German type. All attempts to introduce such types of councils in such situations usually fail because they are considered as rival institutions by the unions. Strong union activities directly focussing on plant issues place any additional worker representation in a minor and, at best, consultative function.

...present provisions in Western Europe for workers' representation on supervisory boards do not amount to real co-determination in all managerial affairs

Besides considering the aspect of system congruence, one must be aware of the prevailing basic ideological orientations. Countries with a militant labour movement, aiming at workers' control over production means, such as Italy and France, are not likely to develop supervisory boards where shareholders' and employees' representatives jointly decide and jointly assume responsibility for their decisions.

Finally, one should consider critically the proper place of any representative type of participation within a given industrial relations system. The rather smooth functioning of West German works councils and co-determined supervisory boards with all its positive effects upon a stable economy has been open to substantial criticism. One main argument is the still obvious lack of opportunity for participation and involvement of the average member of the work force. lg

The foregoing was condensed from an address to the second International Conference on Trends in Industrial and Labour Relations held May 24 to 28 in Montreal.

Worker participation in Canada?

by Donald Rumball

The summer of 1976 has the feel of spring fever for labour relations in Canada. There's change in the air as unions and management bat about new ideas and directions with a nonchalance that would have been impossible even last year:

- The Canadian Labour Congress has set the government and business on their ears with its proposals to establish "tripartism" in the process of national economic decision making. Government, labour and business should share equally in the construction of economic policies, the CLC says — and it looks as if the government, at least, is prepared to give the idea some serious thought.
- The Canadian Paperworkers Union has declared a policy of examining ways and means of breaking the vicious confrontation of last winter's strike through some form of worker participation in management decisions — and some of the companies are buying it.
- The United Steelworkers of America has pioneered union/management co-operation in major bargaining units with its co-operative wage study (which establishes wage differentials within the bargaining unit on the basis of a point system agreed to by the union and management) and its health and safety clauses, which allow union officials to inspect working conditions.

District 6 Director, Lynn Williams stresses that these initiatives are all part and parcel of the collective agreements and therefore do not change anything in the system — but they do represent a voluntary acceptance by the companies of a union role in what have been considered purely management functions.

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- Tom Eberlee, federal deputy minister of labour, has publicly endorsed a study of labour relations in West Germany commissioned by his department. The report was written by Charles Connaghan, vice-president of the University of British Columbia and a former labour relations director of the B.C. Construction Labour Relations Association.

Connaghan's report suggested that there are certain aspects of the German system that could reasonably be adopted in Canada although he cautions that the system as a whole could not be transplanted here holus-bolus. There has been some severe criticism of Connaghan's report by labour relations practitioners but Eberlee's endorsement indicates that Labour Canada is looking hard for new ways of doing things.

No-one needs to look very far to understand why. Last year, Canadian strike statistics were second only to Italy's (a fact that has been repeated ad nauseam in the press) and the figures for this year are already substantially worse than 1975.

It's only fair to point out that this disastrous level of strife is heavily concentrated in public sector bargaining where the whole process is relatively new and negotiators on both sides are still feeling their way.

The $64,000 (or million or billion) question is where are we headed? The two countries in Europe that have collective bargaining structures most like ours are Britain and Italy — no more need be said.

It's downright dangerous these days to suggest that Canada should copy the Europeans (or anyone else for that matter) as conventional wisdom holds so strongly that "foreign" systems cannot be transplanted here. Nevertheless, it *is* instructive to look at what's happening in Europe, where labour relations are being fiercely debated, and see what parallels we can draw from the process of change.

The current debate in the European Economic Community is currently stalemated but the change that has already occurred since the Second World War is profound.

Perhaps one of the more important points to note is that most of the countries that are held up as models of labour/management bliss in Europe were propelled into new directions through dramatic traumas. West Germany is the obvious example but Sweden is comparable — the present Swedish system evolved in the 1930s, after nasty labour riots that ended with policemen shooting workers in the streets.

Few Canadians would want change under those circumstances yet things seldom change without an

external force to act as a catalyst. It can be done, however. Switzerland and Holland have developed worker participation in the management of organizations without trauma but these countries benefited, perhaps, from fertile political grounds for change in this direction. Switzerland's democratic institutions are the most developed in the world and Holland's Socialist governments since the last war have encouraged the Dutch to follow the example of their neighbours in Germany.

The extraordinary thing is that Canada seems now to be in the fortuitous position of being ripe for change without having had to experience a terrible trauma (and, no matter what union leaders say about the AIB, it cannot be compared to war and shooting in the streets!). Change there will be, then. But how?

Before attacking specific questions, it is important to consider the basic principles that underly worker participation. Canada could develop its own brand of worker participation but only after all parties are agreed on the basic principles. These are:

- An organization's work force ranks as an asset of equal value and importance to its capital stock. The traditional capitalist view of labour as one of many "materials" used by capital to produce a profit cannot co-exist with worker participation. This view of capitalism is not a rejection of the economic system — there is still the "free market", the stock market, competition and profit, but countries where worker participation has caught on now regard labour as a partner with capital.
- Democracy does not stop at the factory gate. This is the other leg of the socio-economic system that must surround worker participation if it is to work. It does not challenge hierarchies or organization but it means that decisions within an organization are at the confluence of upward *and* downward pressure rather than the military model of all orders coming from on high.
- Job enrichment. This does not mean redesigning industrial or clerical jobs to make them more interesting — some jobs are incapable of redesign without a serious loss of productivity and, besides, a not insignificant proportion of the labour force is not interested in challenging jobs. There are situations where jobs can easily be enriched for those who want it, but there is also tremendous scope for improvement of working conditions and facilities that can turn a thoroughly undesirable job into something quite pleasant where the individual worker is treated as a human being rather than a robot.
- The level of government intervention in the labour relations process recedes to a role encompassing emergency operations only. There *must* be a residual role for government but the European labour relations systems seem to work best when there is a commitment from both the unions and management to resolve their own problems without resorting to a third party that both would try very hard to manipulate.

...Canada seems now to be...ripe for change without having had to experience a terrible trauma...

I doubt there's a union in Canada that would reject these principles — but what about management? At first blush, the answer would seem to be that management would resoundingly reject at least some of these principles.

Union leaders in Canada complain bitterly that management simply refuses to recognize unions as a useful institution. The seminars on "How to keep the union out," the complaints that "the pendulum has swung too far to the unions" and the marked distrust that many industry leaders have for unions and their leaders would all seem to support this view.

This is in strong contrast to countries like Germany and Sweden where the unions are widely respected (even in disagreement) and are integrated into the most elevated economic structures of power or influence. Even Britain's Trades Union Congress wields huge influence with both government and business.

It's not hard to understand the fears of Canadian businessmen. More union power would inevitably restrict, to a degree, their freedom of movement in the management of their organizations. But then, perhaps the paralysis of labour strife restricts that freedom even more.

Less frequently articulated is the fear of many managers that if the unions are let in the door they'll gobble up all management rights and end up controlling everything.

Once unions become part of the establishment, they are sooner or later going to ask for some ownership in the organizations they work for. Germany has its Capital Accumulation Act allowing company employees to invest in the company's stock (or in the stock of other companies). The Swedes are locked in debate over the design of their "profit and capital sharing" schemes (the unions want a central fund where individual workers cannot withdraw their stocks

whereas the employers' federation wants employee investments to be locked in for only 5 to 10 years). The Danes broached a scheme some years ago that would lead to a workers' fund controlling most of industry by the end of the century but it was abandoned in the recession. The Histradut in Israel now owns a huge conglomerate with even more power than the German unions' massive investments.

That's heady stuff for North American businessmen and perhaps accounts for their deep-seated aversion to giving unions any responsibility. Perhaps they should remember, however, that ownership of companies (or substantial interests in them) has generally given union movements a different orientation, with a sounder understanding of the nature of profits and the macro-problems that all business may face.

Besides, why shouldn't unions own or control companies? Perhaps our adversary system has locked both sides into stereotyped thinking that assumes, on management's side, that union-ownership would be "irresponsible", and, on the union side, that corporate control would compromise their role as adversary.

This, of course, raises the second major problem with worker participation in Canada. Even ignoring the long-term possibility of capitalist unions, what should the union's role be in a system of worker participation?

The adversary system is neat and tidy — the company pursues profits and the union pursues better wages and, to a lesser extent, better working conditions. No conflict of interest here.

Worker participation is another story. There are two parallel systems of employee representation — the union and the workers who sit on boards or works councils as elected representatives of their fellow workers in their company or plant. Under the new German system, for example, companies with more than 2,000 employees will have 10 employee directors — three union officials, one management nominee, and six elected by salaried and hourly employees on a proportional basis with no requirement that the elected directors be union members.

...worker participation can be made to work in Canada...

The major fear of the unions under worker participation is therefore that the system would undermine their role as spokesman for the workers and that the company would seduce the workers into docility.

And, even if that doesn't happen, how can a union bargain against a board of directors that includes some of its union members? Managers might agree, saying how can they negotiate when some of their directors are on the other side?

For people locked into the adversary mould, the questions are unanswerable. The Europeans make it work, however. Perhaps the answer lies in the observation that the worse a company's labour relations are, the more adamant is management's and the union's rejection of worker participation.

Where there's bad blood, the union seeks *control* with watertight clauses that can stand up in court, and management reacts with fear that the union is trying to "take over."

But, where there's trust, co-operation and a significant sharing of information, agreement *can* be reached because both parties can recognize basic mutual objectives even if the lines are blurred by conflicts of interest.

In case this should seem too foreign, there are examples in Canada where this type of situation exists. Labbatt's Breweries practise "single team bargaining" where union and management agree first what the problems are, then attack together the best contract wording to solve the problem. At first, both sides thought this approach would be suitable only for non-monetary items but they have found to their astonishment that it can work on monetary items too (LG, May, p. 250).

It seems, then, that worker participation can be made to work in Canada but it is clear that any attempt to try it out must be designed correctly, or both sides will be worse off than they were before.

Most important of all, both parties must be sincere and be prepared to show that sincerity by giving worker participation some teeth. That means a whole new style of management. There can be no "secret" meetings of management before the meetings with the worker representatives in order to set up the meeting so that management gets everything its own way (a common ploy in Britain and France).

That may mean giving the worker representatives veto powers over certain decisions (maybe hours of work, vacations) and the right to obtain information when they are directly affected (plant closings, subcontracting or foreign expansion, for example).

The worker participation package means management acceptance of a strong union movement that can educate its members and speak to companies on an equal footing.

Maybe that's asking a lot, but what are the alternatives? lg

The social and historical roots of co-determination in West Germany

by John Clarke

A tour of West Germany made a couple of years before Chuck Connaghan went there to find out why German labour relations were so successful left me with two overwhelming impressions.

The first was a widespread fear of inflation. The second was an equally broad fear of unemployment. Neither was expressed openly, for the West Germans are immensely proud of their economic success and want it accepted as the product of the power of positive thinking. Everybody pulling together for the good of the nation as a whole.

They have a lot to be proud of because they have kept the rate of inflation down to the lowest among the most heavily industrialized nations. And, apart from a short period in 1974-75, unemployment has been virtually non-existent by comparison with other European nations and North America. The Germans, of course, are themselves nicely cushioned by the existence of a large immigrant work force from the poorer nations of the soft underbelly of Europe — Greece, Turkey, Italy, Yugoslavia and a few others. These immigrant workers are the first to feel the chill of unemployment and they simply go back home.

The Germans are positive thinkers to the extent that they don't want to repeat the errors of the past. They have very vivid memories of what inflation led to — the collapse of the Weimar Republic and its replacement by Hitler. They know that unemployment gave Hitler the political base he could call his own. He built his dream of a greater Reich on the Germans' yearning for a better way than unemployment and inflation.

John Clarke is a senior editorial writer and labour specialist with the Vancouver Province.

And the Germans remember that once he had established himself in power, Hitler proceeded to destroy the freedoms on which a record of progressive labour-relations since the early 1800s had been based in Germany. The labour movement virtually ceased to exist under Hitler and the corporate giants like Krupp became rich in money and satiated in political power during the Third Reich.

The Germans have many mistakes to avoid in the future and they work daily and diligently to avoid them in their economy. So labour relations for them are very much a state of mind around which the mechanisms Connaghan applauds in his report have been built. It's against that background that the report should be viewed, for the German success would have been impossible without the motivation provided by those twin fears of inflation and unemployment.

The mitbestimmung or co-determination, which is the rock foundation of German labour relations, is almost a literal translation of the desire to avoid those terrible mistakes of the 1930s. Connaghan found it reflected at two levels.

First, co-determination begins at the lowest rung of the ladder, the factory floor, through the works councils. The works council has been misunderstood in North America as giving the worker down at that level a direct voice in the major policy decisions of the company for which he works. The council deals primarily with issues directly affecting the employee in the work place only and has nothing to do with policy-making in a clear, direct way.

Its duties include policing the broad collective agreements negotiated by unions or labour standards imposed by the government in companies where no unions exist. It can make recommendations for improvements for the staff and for the general operation of the business. It has equal control with management over setting of individual pay rates, starting and finishing times (in other words, the establishment of shifts), supervision of health and safety regulations and matters of a similar nature that have to do directly with the worker in his working environment.

The employer must consult with the works council on proposed changes in the employer's buildings, plant equipment, work procedures and operations.

Members of works' councils are

elected by their colleagues and they in no way represent the trade unions, even though they may belong to a trade union. The point is that they are councils of the workers, not the unions. The councils vary in size according to the size of the plant and the number of workers.

Second, the workers' voice *is* heard in the policy-making of the company through what is called the board of supervision, roughly equivalent to the board of directors in the North American context.

These boards comprise 20 members — 10 representing the shareholders' interests, nine representing the workers (three of whom are directly from the trade union concerned) and one from middle management. The chairman is elected by the shareholders' group alone. In the case of tied votes, he casts the deciding ballot so that, in theory at least, numerical control remains with the shareholders.

It's at this second level that workers' interests are protected in markedly different fashion from North America. This technique of co-determination has progressed from fairly rudimentary mechanisms imposed by the British on the coal, iron and steel industries in Germany in the early postwar years. The British feared the alliance of industry and the Hitlerite politicians and were determined to smash it. It's ironic that the same co-determination techniques have not yet surfaced in Britain itself.

But the reason, according to Connaghan, is found in the social and historical fabric of Germany. Before Hitler, the labour movement was given a heavy consultative role in the national economy, and after Hitler, the Germans have been determined to maintain and develop a relationship between labour and industry in which both have an equal interest in and responsibility for the health of the economy.

Connaghan found a remarkable absence of legislation governing labour relations and collective bargaining, as I did. There is virtually no legislation regulating illegal strikes or lockouts or setting out penalties for them, or for union certifications (except that unions must remain politically independent), or picketing or technological change.

The German model...has been designed for a much less complicated economy and social structure than ours in Canada

Unions do not need to conduct ratification votes after they've negotiated a contract. They *do* need such a vote for a strike and to approve a settlement after a strike.

The obvious advantage of this system is that settlements can be reached on the basis of rational economic argument and not on the need for a union leader to score politically with his membership. It's not surprising then that Connaghan found a high standard of expertise and business qualification among union leaders highly trained in either economics or political science.

In this sense, West German unions are a much less political movement than their counterpart in North America. This freedom from political pressures gives economic research and statistics a greater role than seems possible here.

The large employers' groups and the centralized unions maintain large, well-trained research staffs. There is, somewhat surprisingly, little attempt to co-ordinate their statistics or to synthesize them through a central government office. But, because of the absence of political pressures, and the high standards in the research work by both sides, there is remarkably little quarrelling over facts.

It's against this background that the reports of the so-called Five Wise Men and the Concerted Action Program provide guidance for economic action and collective bargaining.

Since 1963, the Council of Economic Advisors — the Five Wise Men — has been publishing reports on economic forecasts. Those reports have been so good and so accurate that they have become accepted by both labour and management as reliable and credible.

But the real work is done through the Concerted Action Program (CAP), launched in 1967. Under federal government auspices, all "groups in society having an effect on the economy," to use Connaghan's words, meet every three months. No decisions are taken at these meetings, which are meant to be high-level educational sessions in which there is very little debate. But the information is expected to be used by the participants in "a rational and intelligent manner, whether for collective bargaining purposes or in setting commodity prices or interest rates."

Says Connaghan: "It is obvious, based on discussions with highly placed trade unionists and senior management officials, that this program has been successful in reducing the level of expectation in collective bargaining."

How often have we heard our expectations being blamed for our current problems with inflation? Connaghan says realistic demands in Germany have produced collective agreements without great difficulty.

Aside from realistic bargaining, the German worker's concern for the economy in which he earns his living is reflected in a number of other ways. Under what's called the Capital Accumulation Act, workers can take part in a form of systematic saving. Employers and employees contribute a like amount toward a total maximum of $250 a year and the government chips in with an added grant of 30 to 40 per cent. The money thus accumulated can be used as special savings, funding to buy a home or a lot, to buy company shares or as an investment loan to the company, or to buy insurance premiums.

Connaghan views this legislation as providing the worker with "wider ownership of the national wealth."

And, of course, the trade unions are deeply involved in the economy as owners of some of the largest companies, especially in the construction industry and in banking. With so few strikes, they have the cash to invest in that way. But by being directly involved, the unions have a much broader appreciation of the problems of the economy as well as its advantages.

To what extent could the German model be applied in Canada? Not very far, I suspect, not because it isn't a good model but because it has been designed for a much less complicated economy and social structure than ours in Canada.

One other impression that trip to Germany left with me was of the compact, homogeneous nature of the country. One has only to fly over Germany to realize how tightly

Unions in Canada place much more reliance on political solutions than do the Germans

the 63 million or so people live together in an area about half the size of British Columbia. They work in an economy based almost totally on manufacturing and highly developed skills.

By contrast, Canada comprises at least five economic regions, each with its own history and tradition, with its own disciplines and with economic pressures and circumstances peculiar to its region and therefore separate and distinct from the others. British Columbia's interests, even though the province considers itself part of the West, are not synonymous with those of the Prairie provinces. Indeed Alberta may be moving out of the "Western" camp by developing a complex petro-chemical industry based on oil and natural gas, with which neither Saskatchewan nor Manitoba will have anything in common. Ontario is heavily into manufacturing but Quebec has a mixed resource-manufacturing economy. Such industry as exists in the Maritimes is of such small scale as to bear no relation to the rest of the country.

There are many more contrasts in Canada than in Germany, to which are added the strains of political imbalance. The federal power exists almost exclusively in Ontario and Quebec because of the weight of population there and this has led to relationships between the federal authority and the political powers in the outer economic regions that can best be described as tenuous. The western regional economies, for instance, bitterly resent taxation on resource extractive industries heavier than that on manufacturing, based primarily in central Canada.

West Germany, of course, has its state governments and economic regions but nowhere are there the contrasts that seem to make Canada so vulnerable.

It's this sense of vulnerability that has convinced Canadian workers that their interests are best looked after in a form of international unionism. Most of them belong to trade unions headquartered in the U.S. Although the trend toward domestic Canadian unionism is growing, the dependence on this bi-national trade union organization is still much stronger.

There's a very good reason for that. The Canadian economy is the happy hunting ground for U.S. multinational corporations, just as Canadian multinationals are finding increasingly fertile ground in the U.S. As far as those companies are concerned, North America is already a common market and it is relatively easy for a corporation to shift production emphasis from one country or region to another if changing conditions warrant it.

Through bi-national union organizations workers can and do push for standardized conditions to remove the multinational corporation's advantage. This in turn makes it very difficult for unions to merge into the larger, more centralized structures which the Germans have, and which would be necessary if the German economic model were to be applied here. The Canadian Labour Congress has for the last five or six years been trying to encourage unions to merge but the process is painfully slow. In the total picture progress has been so negligible as to be almost non-existent.

Canadian unions also tend to

confine their interests to the economic regions in which they operate and, while they may belong to the CLC, they are virtually laws unto themselves with little real communication with union organizations in other regions. The woodworkers of B.C., for instance, have little in common with the auto workers of Ontario. So the national structures, which are part of the German model, are hard to develop in Canada because the economic experience, statistics, union and employer organization are different, region to region.

The natural result of these divisions is that unions in Canada place much more reliance on political solutions than do the Germans. They believe their objectives can be achieved only through the use of political power. With political power they could, as a matter of national policy, set the basic social standards they believe workers should have. That is why they are formally aligned with the New Democratic Party, through which they hope to gain that political power.

While they remain so aligned, it would be expecting too much to think they could offer enough co-operation either with employers' groups or with governments of other parties to make co-determination on the broad German scale work in Canada.

Canadian trade unions believe neither the federal government nor employers are ready to give them the role in society that German unions have been given and have accepted. They say the imposition of wage and price controls over their objections and without a commitment to a basic restructuring of the economy and the means of income distribution is proof of society's determination to keep labour out in the cold.

So Canadian unions look for some heavy political changes before they'd be prepared to have a look at the German concept.

Besides, the German system has not produced personal gains for workers that would compare favorably with those of North Americans. West Germany may have kept its inflation rate down but it's still one of the most expensive places in the world to live, much more expensive, for instance than Great Britain. Working conditions generally aren't as good as in

The incentives that encourage development of the West German model are missing in Canada

Canada. And, rightly or wrongly, Canadian unions believe they are being asked to enter a compact in which they would give up some of their bargaining power with little increase in their national role in return.

With a national history and experience so different from Germany's, the incentives that encourage development of the West German model are missing in Canada. There is no national conscience about the way the trade unions have been treated by the political powers. Inflation and unemployment have never threatened the political fabric of the country or weakened the political institutions on which our freedoms are firmly based. Until the early 1970s the labour relations systems of the country have worked well enough to produce the highest standard of living below the U.S.

Connaghan wisely warns against the temptation to "transplant the West German system in a wholesale manner" to Canada. But he sees some value for Canada in the German ideas about regular economic meetings involving all participants in the economy, the Five Wise Men forecasting procedures, greater consultation with management and labour in the formulation of labour relations legislation, more sophisticated and professional trade union leadership, and the works council concept to give workers a more direct role in forming their immediate working environment.

They are all very fine ideas. But without a commitment to full co-determination on the German model they are not much more innovative than some of the ideas kicking around Canada for years. The Economic Council of Canada is supposed to bring all participants in the economy together regularly. The Conference Board is as fine a forecasting agency as the Five Wise Men. The reason that consultations before labour legislation is introduced don't work very well is that the trust is not there. And plant committees that exist in many Canadian operations could quite readily be enlarged into the works council system.

Connaghan's proposals should not, of course, be easily dismissed. They represent a judicious though limited response to the German experience. But neither should they be allowed to engender any more hope than they really offer.

Ultimately Canada's labour relations problems will be resolved only through a home-grown system that reconciles the peculiar difficulties of the country. Finding those solutions will not be easy and perhaps the best way to look for them is one at a time until a new climate has been developed. lg

Prospects for industrial democracy in Canada: Four views

The following texts are based on remarks made at a panel on worker self-management sponsored by the Canadian Political Science Association, held in Quebec City in June.

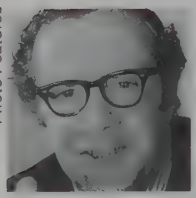

Photo Features

Industrial democracy is workers' control

by Gilbert Levine

Gilbert Levine is research director for the Canadian Union of Public Employees

Judging by the articles and statements that have appeared recently in the popular and financial press, one might be led to believe that the prospects for industrial democracy in Canada are extremely good. Most of the articles cite favourable experiences with experiments in industrial democracy in several European countries, notably West Germany.

Let me quote a few examples: *The Toronto Star* in an article entitled "Worker democracy is creeping into the boardroom" in March, 1975 states:

To both its ardent supporters and its most bitter opponents, industrial democracy is a kind of passive industrial revolution. At the least, it is a changing order in industrial relations which is moving into a new phase in Europe and attracting growing interest in North America. It is held at least partly responsible for the enviable record of industrial harmony in most Western European countries.

A senior editor of *The Financial Post* specializing in

(Continued on page 438)

A skeptical view of the West German model

by R. Kent Rowley

R. Kent Rowley is secretary-treasurer of the Confederation of Canadian Unions

I do not believe that we can talk reasonably about "industrial democracy" in a capitalist society such as Canada.

Those who speak of this industrial democracy assume, as far as I have been able to observe, that the present economic system will continue to operate — with a certain amount of window-dressing — to quieten the workers, that is, there will still be private ownership of the basic means of production.

Even I, however, have been somewhat taken aback by the obviously-orchestrated propaganda campaign conducted on a national scale in the organs controlled by "big business." Labour Minister Munro and Deputy Minister Tom Eberlee have been making speeches around Canada — widely reported in the press — that would have us believe that we can solve our tremendous economic and social problems by adopting the "German example."

It may look exotic to some Canadian manufacturers that there are fewer strikes in Germany, but this only means that business in

(Continued on page 440)

Andrews-Hunt

Industrial democracy is a grassroots process

by Harold B. Wilson

I view industrial democracy as a process which begins by giving workers control over their immediate work environment. Part of that control includes replacing foremen or first-level supervisors by co-ordinators elected by and responsible to the workers. As experience is gained in control of the immediate work environment and as confidence is gained by the workers, the process will move upwards until it eventually reaches full democratic workers' control.

Harold B. Wilson is author of Democracy and the Work Place *and a former consultant to trade unions. Currently, he is director of administration at the Inuit Tapirisat (Brotherhood) of Canada*

At the beginning of the process it may be desirable to have workers' representatives on the board of directors but this should be viewed only as a temporary expedient facilitating the bottom-up democratic process. I do not include various forms of workers' representation on the board or the West German type of co-determination in my definition of industrial democracy.

(*Continued on page 442*)

Sverre Heiberg

Co-determination — a capitalist innovation

by Gerry Hunnius

Employer-initiated innovations which aim to modify or change the so-called adversary system of labour-management relations historically have taken a variety of forms, but there has been a certain consistency in terms of the expected results of all such innovations.

Gerry Hunnius is associate professor of social science at Atkinson College, York University, and editor of Workers' Control, *a book of readings on industrial democracy.*

The questions we should raise include the following:

- What functions are initiatives of this kind expected to perform?
- Why are they made now?
- What responses are open to workers and organized labour and what are the likely consequences of each alternative response?

After studying a series of waves of such initiatives by the state and by the owners of capital, one can come to only one conclusion as to the expected function of each and all such innovations: to maintain or increase production and profit while simultaneously retaining

(*Continued on page 443*)

Industrial democracy is workers' control (*Continued from page 436*)

— Levine

labour-management relations studied moves towards industrial democracy in Europe and reported on April 10, 1976 that:

The slow-burn debate in the European Community over worker participation in corporate decision making is fascinating in its own right — but it is also highly relevant to Canada's troubled labour scene. There is widespread agreement that labour relations in Canada need more than band-aid treatment.

Last November 24, at the point he was doing everything possible to smash the Canadian Union of Postal Workers, Postmaster General Bryce Mackasey told the Rotary Club of Ottawa:

Instead of fighting society for a bigger slice of the pie, and thus preventing the pie from being baked, I think the unions should be fighting for a hand in the baking. They should be fighting the root cause of worker discontent. The primary need of the worker today is job satisfaction, a chance to develop his skills and abilities, his initiative, his individuality. The unions should be fighting for a more democratic workplace.

John Munro, federal Minister of Labour had his department conduct a study of the German model of industrial democracy, euphemistically called "co-determination." Instead of choosing someone with a labour background to conduct the study, the department chose Charles Connaghan, the former president of the British Columbia Construction Labour Relations Association.

Connaghan's report was highly enthusiastic, particularly about the very low incidence of days lost through strikes, and he recommended that major elements of West Germany's successful industrial relations system be incorporated into Canada's economic structure.

Before embracing the West German model of "co-determination" for Canada, a few things must be kept in mind:

- The concept of "co-determination" or industrial democracy did not come about because of a demand from workers or unions. It was imposed in West Germany by the U.S. Army of Occupation as a means of minimizing the effectiveness of a labour movement already smashed by Hitler.

..."co-determination"...did not come about in West Germany because of a demand from workers or unions

- There is an obvious connection between the fact that Germany has the most timid labour movement in Europe and that German industrialists have consistently earned the highest return on investment of any country in Europe.
- The "co-determination" of West Germany reminds me of the "co-prosperity" that the Japanese army of occupation was going to bring to the Asian colonies under Japanese rule during World War II. The people in the colonies ended up having all the "co" while the Japanese had all the "prosperity". In the same manner, under the German system of co-determination, the unions have all the "co" while the employers have all the "determination."

When corporations and their spokesmen in government call for worker participation in decision making, the average Canadian worker is suspicious, and rightly so. He feels his company is trying to find a new wrinkle to increase its profits and to restrict the scope of collective bargaining. He feels it has nothing to do with his economic, social, or psychological betterment.

Therefore, in spite of the enthusiasm within certain sections of management and government officials for industrial democracy, I am convinced that any form of true industrial democracy will certainly not come from these sources.

True industrial democracy, as is the case with political and economic democracy, will not come from pressure from above, but from pressure below — in the workplace. Industrial democracy cannot be imposed by the boss.

The enthusiastic supporters of industrial democracy in the ranks of business and government are not calling for *workers' control*. What they want is *control of workers* — and the workers know that.

The U.S. labour movement, from

which international union leaders in Canada derive their philosophical inspiration, shows little support for industrial democracy. Typical of the U.S. labour attitude is a statement by William Winpisinger, general vice-president of the International Association of Machinists, who stated to a U.N. symposium in 1974 that U.S. unions feel that representation on the board would create a conflict of interest and would compromise the union. He stated:

There is no major perceptible demand by American workers today for participation in the decision making process.... You must be on one side or the other to maximize your effectiveness.... That is the way we will continue to do it in the U.S. for a long time to come.

The labour movement in Canada and the United States has traditionally laid much greater stress on business unionism with its emphasis on short-term economic goals. In contrast, European unions have stressed social unionism, that is, social and political goals, including the question of industrial democracy and workers' control. Therefore, the tradition of North American unionism is not a fertile ground to plant the seed of industrial democracy.

There is virtually no support for the concept of industrial democracy among Canada's trade union leaders. A special conference of the Canadian Labour Congress four years ago concluded that a further extension of the present adversary form of collective bargaining was the most effective method of achieving any form of industrial democracy in Canada. The CLC does not want a role in major management decisions, but instead its unions will continue to whittle away at management's rights through the traditional system of collective bargaining.

Speaking at Carleton University last winter at a New Democratic Party meeting on industrial democracy, Joe Morris, president of the CLC stated:

True industrial democracy can exist only under a system of public ownership

This emphasis on collective bargaining, with participation viewed as an extension of joint regulation of work, is still the keynote of the [British] Trades Union Congress view and remains the kernel of the approach of the CLC. Some of the most basic aspects of the work situation and the security of that employment, stem from decisions taken at extremely remote levels. The type of decisions I have in mind concerns closures, redundancies, major redeployment and mergers in particular. It is to obtain a voice in decisions such as these that the CLC supports ideas of participation, and where we differ from others, surely, is in how to implement it.

Elaborating on this final point, Morris used as an example, a planned layoff in a forest products industry plant. He stated he never questioned the right of the employer to lay off workers. What he was mainly concerned about was the method by which the layoff was carried out. He was concerned essentially that the layoffs were conducted fairly, that is, on the basis of seniority.

Judging by the recent CLC convention, the leaders of organized labour in Canada appear to be moving away from the concept of democratic control at the plant level to advocating a system of corporatism. The CLC endorsed a "Labour Manifesto for Canada" which, in effect, calls for limiting the democratic role of rank and file plant and office workers and would place power in the hands of a few top labour officials whose function it would be to manage the economy as part of a tripartite planning body that would include business, labour and government. Not much room for industrial democracy in this set-up.

With a few business leaders and some government leaders calling for a phony kind of industrial democracy, which I prefer to call "control of workers," and with leaders of organized labour showing a marked disinclination to promote the concept of workers' participation in the industrial decision making process, what then are the prospects for *real* industrial democracy in Canada?

About five years ago I gave a paper at a conference on industrial democracy sponsored by the Woodsworth Foundation in which I held out high hopes that universities as employers would become models of industrial democracy for others to follow. The fight that faculty and students were waging at the time for representation on governing bodies seemed to be a good example that other public bodies and industrial enterprises might follow in the future.

In the intervening years, however, the faculty and students — and in some universities, even maintenance staff — who have won their token seats on the board of governors, have been co-opted into the "system" and the fight for industrial democracy is virtually dead. The fight that the students waged in the 1960s is over and the faculties are turning to unionizing and collective bargaining in order to have a voice in the affairs of the

university. I am therefore very disillusioned about any possibilities of the university as a model for industrial relations in Canada.

We have recently had two rather unusual forms of industrial democracy — or worker ownership and control — in Quebec. In both instances they were cases where workers, who would have otherwise been laid off as a result of plant shutdowns, pooled their resources, bought the plants and are operating them as co-operative enterprises. I speak of the Temiskaming paper mill and the St. Jerome knitting mill, now both very successful commercial enterprises. Both have run into tremendous difficulties with governments and banks who were determined to discourage a successful example of a worker--owned operation.

To improve the possibilities of real industrial democracy in Canada, a complete change in the traditional approach to this question will be required. We will have to reject completely the reformist view of industrial democracy, which seeks to transform unions from organizations fighting on behalf of workers to unions that would become agents of managerial control, a view now being promoted by some governments.

I see the fight for real industrial democracy in industry as a process and as a tactical goal, not only for transforming the worker-employer relationship, but as a means of transforming society itself. I foresee workers in Canada using their experience in the fight for control of the workplace to gain control of society and government. The lessons learned in attempting to gain control of industry will be valuable to workers who, in the future, will have to control society, if it is to be a truly democratic society.

Industrial democracy, or workers' control, is incompatible with the capitalist system, with its emphasis on ownership of private property and all of the "management rights" which flow from that ownership. True industrial democracy can exist only under a system of public ownership where the workers own the means of production. This is not to say that unions and workers should not fight for industrial democracy under our present system. In the fight for real industrial democracy, workers will learn the lesson of who exercises the power in the plant and in the state.

Success in achieving real industrial democracy will further require a combining of the struggle for workers' rights in the shops and offices with a similar struggle at the political level. Coupled with the fight for industrial democracy, labour would have to call for a transformation of the capitalist system into a socialist system.

Unfortunately, labour in Canada today is not moving in the direction of transforming society. With its "Manifesto for Labour," the CLC is not requesting a change in society, it is not even asking for the election of a New Democratic Party government. It is asking for the right to co-manage the present iniquitous system in co-operation with business and government.

Such a goal does not bode well for the achievement of true industrial democracy in Canada. lg

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A skeptical view of the West German model (*Continued from page 436*)

— Rowley

Germany is doing quite well and that workers are not in a militant mood. When they speak of the successes of West German industry, somehow they forget that West Germany owes its success in large measure to the influx since the War of hundreds of thousands of foreign workers who have not minded doing the "dirty" work at low wages.

The Canadian Labour Congress, at its recent convention in Quebec City, apparently adopted one of the most confusing documents in the history of labour in Canada. The idea that the CLC can propose some form of "sharing of powers" between labour, management and government that would be in any way successful, may be attractive to the ignorant — and one must only assume that the Congress is addressing itself to them. However, that is in fact what Prime Minister Trudeau proposed to the CLC in the first place and, as he has since readily proven, he is flexible enough to be willing to discuss some changes in form to accommodate the wishes of the CLC leadership. Did the CLC not

Those who speak of this industrial democracy... assume...there will still be private ownership of the basic means of production

have membership on the Economic Council? Indeed, did not their representatives agree to all the balderdash published in that name?

Is the CLC proposing any change of substance? Who is going to own industry? Who will own our natural resources — our mines, our oil, our gas? As far as I can see, it will be largely the same American companies that own them now. How, then, will our problems be solved?

Under pressure from a large and important section of its membership, the CLC gave its executive board power to call a general strike "if and when necessary." This is, of course a doubtful order. The CLC leadership then proceeded to make the whole issue a great deal more doubtful by somehow combining the issue with negotiations with the government over its program, as outlined in its Manifesto. Is industrial democracy to be negotiated? Or is something else to be negotiated? Certainly the situation is not clear.

To the delegation at the CLC convention in Quebec City, the issue before them was really quite clear — they were opposed to the federal anti-inflation legislation and they wanted the membership to strike until the legislation was rescinded. Actions such as this are often described as "revolution," "anarchy," etc., but of course it is nothing of the sort.

A strike would demonstrate, however, quite clearly that our society cannot function without those workers presently organized in the union movement. Much is made of the fact — not unimportant — that only a minority of the workers of Canada are organized. This is true — but just try to do without that minority! All the essential industries in Canada would cease. I have suggested that

The problem of inflation is really not as complicated as our so-called "economists" would have us believe

the employers, with whom it would appear the CLC leadership wishes to establish "equality," also set a strike date for another time. Who would know that they were on strike? Certainly not the population of Canada. The only effective strike that the bosses can conduct is among friends, as for example, during the last War when the manufacturers refused to accept production contracts until C.D. Howe agreed to increase their profit percentage on the famous "Cost-Plus" arrangements.

The situation has developed to the point in our country where a minority of the population is producing the goods necessary to support the entire population. We have a large percentage of people in Canada who do no useful work. We have another substantial percentage who do work but not in a productive way. The historic and laudable solution to this social problem is to reduce the hours of work, to give extra leisure time for personal development.

But, instead, employers say to workers: "You are making too much money" whilst *their* profits increase by leaps and bounds and *they* do less and less.

The problem of inflation is really not as complicated as our so-called "economists" would have us believe. It has been solved in many parts of the world already. But, even in Canada, if the government really wants to solve the inflation difficulty, if in fact it wants prices to cease escalating, then let price increases be forbidden.

Workers, through their unions, are obliged to negotiate for increases in wages, sometimes even wage cuts, so why should not employers do the same — at least as long as we have this anarchic organization of production that we now live under?

In the Confederation of Canadian Unions we have adopted resolutions at our conventions calling upon our governments to force employers to sit down before public boards to negotiate their price changes just as workers are required to bargain for wages. But I greatly fear that the exposure of the inner workings of the employers' operations would be such that they could not withstand it.

The idea that the CLC can propose some form of "sharing of powers"...that would be in any way successful...may be attractive to the ignorant

When I was a young fellow in Montreal, Benito Mussolini, a regular correspondent of the *Montreal Star*, enlightened us on the world scene. He preached corporatism. There were other organizations in Quebec at the time that supported the views of Salazar of Portugal. The issue was greatly debated. Our present Prime Minister, Pierre Trudeau, was an active and learned man. *He* knew the difference between corporatism and co-operation! He dealt with the subject many times. It must make him smile, therefore, to hear Joe Morris and his CLC friends clamour for equal representation with employers on government committees. Maybe on boards of directors?

Every serious student of this issue knows that the key question is: Who owns industry? Is the CLC proposing to change ownership? Is it proposing that the people of Canada take over the ownership of the factories and mines of our country? I really do not get that message.

If, then, no such fundamental change is envisioned, I predict that it will not be impossible for the Trudeau government to negotiate some understanding with the CLC.

There is no clear ideology in the CLC or the leadership of the Congress. They do not have a program to solve the economic and social problems of Canada. They have many reforms, most of which are laudable — better education, better environment, better safety protection, cleaner air, cleaner politicians, etc. But nothing that is really fundamental. And, this, of course, is their great disadvantage when they meet with a government that clearly espouses private ownership and private profit.

The great majority of our workers, who do not write Manifestos, see the immediate problem much more clearly. They know that they are being robbed by the anti-inflation legislation and that the entire force of the State is being employed to repress their legitimate demands, and they naturally say: Let's shut down the job until the evil is corrected! That has been the historic defence of the working men and women in our society. Have a care, gentlemen, before you call it Revolution! lg

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Industrial democracy is a grassroots process (*Continued from page 437*)

— Wilson

In defining industrial democracy I have placed emphasis on the word "process." I do not see a time when the process will end, as we have yet to find any perfect form of democracy either in our governments or in our workplaces. This in no way detracts from the desirability of beginning the process. I am firmly convinced that participation in the industrial democratic process facilitates participation in the community outside the workplace and is a prerequisite to the elimination of alienation.

Let me now turn to the prospects for industrial democracy in Canada. Seven or eight years ago when I began to get involved in serious research which led to the book *Democracy and the Work Place,* published late in 1974, I tried to get the names of other Canadians who had a serious interest in this subject. I came up with about half a dozen names. At the same time I searched for material on industrial democracy written by Canadians on Canada. That produced a very short list. Industrial democracy was then considered an esoteric and perhaps a subversive subject.

Since publication of *Democracy and the Work Place,* I have addressed several meetings and appeared on numerous television and radio programs, including several phone-in programs.

Although such programs are not representative of public opinion as a whole, it is significant that some brought a reasonably favourable response, even programs where the hosts were considered to represent a far right-wing point of view.

Early in every phone-in program I can count on a caller saying something like "that's a nice theory you have got there but people are not going to work unless they have got a boss pushing them." I always ask the caller whether he or she needs constant supervision by a boss and the caller always answers "no, but other people do." I then ask people who need such supervision to phone me. I have yet to receive a call from anyone who needed a boss in the traditional sense of the word.

I do not include...the West German type of co-determination in my definition of industrial democracy

Another indication of growing support for industrial democracy is the founding of "Canadians for a Democratic Work Place." This organization held its founding convention in Sudbury in March, 1976. While still a relatively small movement, it does have a national membership and we expect to be holding a series of regional conferences this fall. We anticipate a national conference on a fairly large scale sometime in 1977.

Not all signs favour industrial democracy. Probably the major stumbling block is the concept of "management rights." Almost every collective agreement has a lengthy management rights article which, stripped of its contract language, says to the workers "check your brains at the factory gate, all we want is your physical labour."

Management rights articles effectively place all decisions that

influence productivity in the hands of a few managers. It is therefore ridiculous to expect workers, or their unions, to do much towards improving productivity because they have been excluded from decisions that affect productivity. It is obvious from all research related to this topic that this is a highly inefficient way to operate an enterprise, but the concept is so deeply ingrained in many managers' minds that they are reluctant to consider alternatives, even though those alternatives would increase productivity. Unfortunately, many trade unionists accept management rights articles without question because such articles clearly set out the lines dividing management and labour into an adversary system.

A few cracks are showing. Several unions are now bargaining for an equal voice with management in all matters related to occupational health and safety. Provincial legislation in Saskatchewan and Manitoba leans towards guaranteeing that equal voice. Admittedly, this is a small crack in the traditional structure but it is a significant one and can lead to others.

Probably the major stumbling block is the concept of "management rights"

I have mixed feelings about the growing popularity of industrial democracy as a subject for research and speeches by businessmen and politicians. Many trade unionists, quite correctly, feel that much of the research and many of these speeches are simply attempts to co-opt labour and reduce the effectiveness of the unions. I share their concern. I also feel that these attempts will be unsuccessful and that we will be able to concentrate on true industrial democracy.

If we compare the stage of evolution towards industrial democracy in Canada with countries such as Sweden and Norway, there is cause for pessimism. If, however, we compare it with where we were just a few years ago, there is genuine cause for optimism. lg

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Co-determination — a capitalist innovation (*Continued from page 437*)

— Hunnius

control over production and capital accumulation.

The tactics of course are continually changing and range from the largely successful attempt at the end of the last century to smash the power of the Amalgamated Association of Iron, Steel and Tin Workers in the Homestead strike of 1892, to the more sophisticated tactics culminating in the currently popular initiatives in the direction of job enlargement, job enrichment, and "industrial democracy."

Let us look briefly at one of these mechanisms which capital has used historically to cement power over the productive process and thus over capital accumulation. Certain aspects of "Taylorism" stand out as particularly relevant.

The stated rationale of the systematic minimization of skills is that it gets the worker on the job as quickly as possible, cutting down training costs. The separation of physical work from mental work — taking knowledge of production away from the skilled worker — was greatly aided by the scientific principles of Frederick Winslow Taylor, who recognized that knowledge about production means power.

In his *Principles of Scientific Management* (1905) he stated that workers possessed a collective knowledge which management did not possess. Total control over production demanded that this knowledge be "transferred" to management. In his manual, *Shop Management,* he insists that all possible brain work should be removed from the shop and centered with the planning or laying-out department.

The "transfer" of skills was carefully worked out in the methodology of scientific management and soon spilled over into the educational system and other institutions of socialization.

Once we understand that the underlying reason for the changing tactics — as well as the innovations themselves — rests with the determination of corporate capital to maintain ownership and control of productive resources and processes, the nature and timing of various capitalist innovations is relatively easy to comprehend.

Let me illustrate briefly one example of such an innovation during the early years of this century, largely restricted at that

time to the United States: It was called variously *welfare work*, *welfarism* or *industrial betterment* and it was the forerunner of the later *human relations approach to management* and the current initiatives in job enrichment, and co-determination.

They dealt with the same issues and were introduced for the same reasons: to forestall "labour troubles," to maintain control over the process of production and the work force, and to increase production and profits.

The humanitarian philosophy was publicized at the time when welfarism emerged,although its managerial assumptions were seldom articulated publicly. The essence of this approach was intended to instill virtues and values in workers which would promote an attachment to work and a sense of loyalty to the enterprise.

This approach came about on the heels of a concerted capitalist offensive to halt or destroy the growth of unions and it coincides with the Homestead strike where the power of the steelworkers was smashed. By the end of 1904, the growth of unionization appeared to be checked and the following year showed the first decline since 1897.

Welfarism included the installation of hygienic facilities, introduction of a banking system within enterprises to encourage workers to save their earnings, wage incentives, and various minor employee representation schemes. What is more relevant is to determine why these policies were introduced by employers. Two factors emerge very clearly: It was profitable to the employer. It tended to reduce the turnover of employees and the occasional outbreak of open conflict. The slogan "it pays," publicized by the president of National Cash Register, was repeated by many senior managers from coast to coast.

Even more significant is the fact that welfarism was used by employers to eliminate labour unions or to undermine their formation by providing management-sponsored employee benefits.

Unions are much more powerful in Sweden and West Germany than in Canada

In many cases, employers encouraged the creation of worker committees as part of their welfare policies. This particular tactic proved temporarily successful in preventing the growth of unions. Powerless as these committees were, they functioned as vehicles through which management exerted more effective control over the work force. Welfarism — or welfare work — was thus not only a method to bust unions, it also offered the employer an alternative to unionism and collective bargaining.

Unionization, despite its initial setbacks, recovered, and collective bargaining as it is practiced today became the dominant model of labour-management relations in the U.S. and Canada. This model, has on the whole, served the interests of the employer class well. Today, at least in Canada, we are warned of a crisis in collective bargaining. One of the essential links in the sophisticated chain of collective bargaining has weakened to the point where it is feared that it may burst asunder. That link is the disciplining function of management and unions over the workers. It is in this context that I am viewing the recent employer-initiated offensive in "industrial democracy."

There are at least two general directions which current employer/government initiatives are likely to take. They are not alternatives and will probably both be pursued:

- An attempt to involve organized labour,particularly at the level of the CLC as well as at the level of national and international union headquarters, in a tripartite system of consultation and limited decision making beyond what presently exists.
- In the large unorganized sector, it will likely take the form of a more sophisticated "industrial betterment" approach.

In either case, in quite different ways, the outcome is likely to be the following: A blurring of the present adversary system in union-management relations, followed gradually by the replacement of collective bargaining as we know it in Canada by some kind of institutionalized mechanism which in all likelihood will unite employees and management in *one* organizational framework. If two strong partners unite organizationally with one somewhat weaker partner the ultimate outcome is not too difficult to imagine.

In Canada, starting with the *Woods Report*, employers, politicians and civil servants have discovered a "crisis in collective bargaining." Prime Minister Trudeau was most outspoken about what bothered the government. He has been quoted as saying collective bargaining is no longer fulfilling its function in a situation where unions negotiate an agreement, but the members then go out on wildcat strikes.

The solution, according to Trudeau, has to be faced by unions and employers together. But how? The solution emerged quite clearly at the last national convention of the Liberal Party in a resolution which urged, "the government to establish

a royal commission to study and recommend ways of bringing some measure of industrial democracy to Canada as a way of replacing the adversary system of labour-management relations with something more co-operative and productive."

During the past two years, there has been a series of comments by senior officials of the federal department of labour pointing in the direction of a system of industrial relations with stronger emphasis on the "mutuality of interests" of all parties (labour, employer and government).

Organized labour in Canada, as well as in the United States, has always been hostile to proposed innovations of this kind. The change in the policy of the CLC, documented in "Labour's Manifesto for Canada" makes the introduction of some form of co-determination in Canada a near certainty.

Since the two models most frequently mentioned are those of West Germany and Sweden, I would like to make a few observations on these models regarding their relevance to Canada.

- Unions are much more powerful in Sweden and West Germany than in Canada. This is due to a number of factors including the fact that a larger percentage of the Swedish and German workforce is unionized. Both countries' Social Democratic governments have been an important factor.

- In Germany in particular, it is clearly understood by *all* parties — labour, capital and the state — that co-determination is a mechanism meant to maintain the smooth functioning of the capitalist mode of production. A statement by the executive board of the German Trade Union Federation (D.G.B.) states bluntly that, "A general conception of co-determination of this type presupposes a system of free enterprise based on the principle of free market economy."

- Both countries, but particularly West Germany, have used large numbers of foreign workers, a factor of great significance.

The introduction of aspects of industrial democracy...requires changes which would return to the worker a limited amount of autonomy

What about the results of the West German and Swedish innovations? First, co-determination:

- It has been instrumental in maintaining a high degree of labour peace, production, and profits.

- It has enhanced the prestige and influence of the central union federations.

- Contrary to recent newspaper reports, it has not appreciably affected the rank and file worker at the point of production. It does not, therefore, deal with the widespread dissatisfaction and rebellion of blue- and white-collar workers that has been the target of innumerable studies and reports.

- It has probably played a part in improving the extensive social security and benefit system available to employees in West Germany.

The situation in Sweden is more difficult to evaluate, partly because it is very much in flux and is undergoing continual change. One major difference between the Swedish and West German models is the position of the Swedish trade union movement. LO in particular has been very sensitive to the "blue-collar blues" of its members and has insisted that any placement of workers or union officials on the board of directors of corporations must be accompanied by the introduction of aspects of industrial democracy on the shop floor. There is little indication of interest in *this* aspect of industrial democracy among employers or government in Canada.

In sum:

- Nearly all successful innovations in job enrichment and industrial democracy have led to an immediate decrease in worker dissatisfaction and a corresponding increase in production and profits.

- In most instances, these innovations have been altered or discontinued.

- Today, under pressures briefly touched upon earlier, these innovations have been given the green light again.

It would seem there is a compelling explanation for the hesitancy on the part of employers and government to pursue such innovations in the past.

The introduction of aspects of industrial democracy, particularly at the level of the shop floor, requires changes which would return to the worker a limited amount of autonomy. Semi-autonomous work teams — one of the features of many such innovations — allow for rotation of tasks. Supervision is often replaced by self-direction, and individual competition by co-operation. Former managerial functions have to be partly surrendered to rank and file workers. Such changes have produced instances, particularly in Europe, of revolutionary demands by those semi-autonomous groups of workers. That however, is another topic. lg

Confidentiality and conflict of loyalty

by Willem Albeda

The "loyalty problem" adds a new dimension to the concept of industrial democracy. Should there be a development in the direction of a "democratic firm" without interference by the union, where the union keeps a "positive distance" from what happens at the plant level? Or should unions look upon any attempt to integrate the workers in the organization of the firm, without the participation of the unions, as an attempt to undermine the loyalty of workers to the union?

For management too, a fundamental problem arises. Should management use its internal democracy as a means to undermine the loyalty of its workers to the unions, or should it develop its own system of loyalty?

All attempts to give workers influence on management policy pre-suppose workers have sufficient knowledge of the data on which such policies are based. It is clear that the more this influence is extended, the more the workers involved in this activity need this information. In this sense, there is no conflict between the loyalty problem and the need for information. Loyalty too, depends on a minimum of information being available to the employees.

The situation changes, however, when direct participation by workers in management decisions is possible only to a limited extent. In decisions concerning matters beyond the shopfloor level, forms of indirect participation in decision making can take two forms — either workers are represented by their trade union, or workers have the right to elect members to a works council, or a supervisory board.

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In Britain and North America, representation by trade unions is common. Perhaps this can be explained by the fact that the governments in these countries have never wanted to impose measures of democratization on the firm. Governments have left this field to the power relationship between unions and management. Employers and trade unions in both countries have preferred to handle their own affairs — the trade unions preferring to remain the only vehicles for workers' representation. In Europe, various governments have seen it as their task to make regulations for workers' representation within the enterprise.

The British and North American structure tends to reinforce the "market" image of the firm, while the European structure tends to focus much more on the enterprise as an organization. In both cases, the problem arises of the possible estrangement between the workers on the shopfloor and their representatives – the result of a combination of factors:

- **Physical distance:** Representation presupposes meetings with limited audiences. This implies that the workers represented are not present at these meetings.
- **Lack of competence:** Many subjects, dealt with in representative organizations are, in the eyes of the workers, abstract and complicated. Such information, therefore, does not reach the workers.
- **Lack of interest:** Even understandable information will not reach workers if they are not interested, because they do not see the relevance of it.
- **Confidential information:** Part of the information used in such meetings is restricted and for that reason, cannot be communicated to employees below the level of workers' representatives.

The four elements are basic in the sense that there is no easy way to restrict their influence. Distance can be dealt with by introducing interconnected and decentralized levels of representative democracy — each level dealing with the questions relevant to that level (shopfloor, plant, company, holding). Well-known examples are the nationalized industries in Britain (electricity, steel, coal mining) where such a hierarchy of consultative bodies was set up.

In Holland, the most successful model up to now, in my opinion, is that of D.S.M. (States Mines, now a large chemical corporation). Here, a structure goes from the top (board of directors, via company works councils, plant works councils) towards the so-called "ring" in each department and the "trustees" at the shopfloor level. In so far as these bodies on different levels are successful in relating the activities at each level to each other, the problem of distance can at least be attacked, although a perfect solution, of course, remains difficult.

The problem of lack of competence and lack of interest demands a continuous effort in workers' education and a rotation of worker representatives. Although manage-

ment usually looks upon the rotation of representatives as a drawback, it would be useful to give as many workers as possible the opportunity to participate in the joint bodies.

In many cases, the problem of confidentiality has been exaggerated. It is well-known that more often than not, employers within one industry jealously guard the same secrets. There is a trend towards more openness stimulated by new government legislation. However, as long as competition plays a role, some facts have to be kept secret, especially important issues such as amalgamations, impending closures or new investments. Such issues cannot always be dealt with in a way that fosters discussions within representative consultative or decision-making bodies. These secret policy sessions tend to strengthen problems associated with worker estrangement from management-level issues and fosters a lack of competence to deal with them.

Basically, these problems remain the same whether the trade union is the intermediary for workers' participation in management decisions — as in Britain and North America — or whether European-style special bodies are created for this purpose. One can imagine however, that it is more difficult for trade unions to accept the principle of hiding confidential information from their members, than it is for bodies set up as organs of the company.

In the case of "double line representation," the two forms of loyalty may or may not work in the same direction. There is the aforementioned risk that the company bodies may be used as a weapon to keep the union out, the more likely when confidential information is involved or when the confidentiality is used to seal the workers' representatives off from the trade unions. Workers' representatives, therefore, should be taught to look upon management-decreed "confidential" issues with a certain degree of scepticism.

While it is commonplace to stress the necessity of workers' education as an important condition for workers' participation, information is not enough. A member of a works council needs in addition, certain abilities such as being able to read a balance sheet, to function in a meeting, and so on.

Another basic factor in the operation of representative democracy is the training of works councils representatives in the handling of power. In some European-style works councils, people with very different backgrounds confront one another. On the one hand are rank and file workers, skilled or semi-skilled workers, white-collar workers and technicians, with different degrees of understanding, with different levels of education and information. On the other hand, there is the employer. It is a well-known fact that in a meeting of this character, information and expertise are sources of power. Therefore, in the works council, there is a meeting between powerful and relatively powerless groups.

What do we know about such meetings? My colleague Mauk Mulder in the March 1971 *Administrative Science Quarterly* developed the so-called "power-distance theory." Mulder found in a great number of experiments that:

- participation in decision making can be seen as a way to reduce the difference in power between the less powerful and the more powerful;
- the extent of the reduction in power differentials that may be reached depends on the wish of the powerless to acquire more power;
- the wish to acquire more power in an interaction with others depends on the distribution of comparative power within the group;
- when the difference in power is too great, the powerless are not interested in the acquisition of more power, thereby increasing the power of the powerful;
- only in so far as the powerless want to have more power, that is in so far as the distance between the different persons is not too great, is participation in decision making possible.

Applied to the problems of co-operation between works councils members of different backgrounds, this means that if nothing is done to bridge the power gap, such bodies will not lead to any shift in power, instead they will lead to an increase in the influence of the powerful professional workers and managers.

Briefly, the implications of this theory are:

- Members of works councils should have enough information and understanding of the problems they deal with that the difference between them and management will not be so big that their will to reduce this difference will be nullified.
- People must recognize the nature of this problem. This means that they recognize the necessity for outside expert assistance, for meetings without the chairman/manager, for sufficient information, and refuse to reach decisions on insufficient information.
- They should be able to discern between the role of the expert as a source of useful information and his ability to use this power as a means for intimidation.

The foregoing was condensed from an address to the second International Conference on Trends in Industrial and Labour Relations, Montreal, May 1976.

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forum

FORUM invites readers to freely express their opinions on topics of concern to the working population.

Letters must be signed and length should not exceed 600 words.

Success of single-team bargaining questioned

I read with interest the article by Ted Weinstein [LG, May '76] with respect to single-team bargaining and its application at Labatts' Breweries Canada.

Ironically, on the same day I attempted to buy Labatts' products at the local liquor store and found them unavailable due to the strike at the Labatts' Brewery in Edmonton.

B.M. Thompson
Liden, Ackroyd and Company
Edmonton, Alberta

Best aid to productivity

As well as combatting inflation, we will have to face up to the problem of Canada's international competitive position. Some of our export and import-competing industries are experiencing great difficulties because their prices are not competitive.

It is true that in recent months these difficulties have been aggravated by an inappropriately high exchange rate for the Canadian dollar. Given our worsened international competitive position, the upward pressure on the Canadian dollar is not likely to persist indefinitely.

But as long as it does, our export and import-competing industries are paying a disproportionately large share of the price of controlling inflation. This is a vital sector of our economy, and it cannot suffer without all of us feeling the pain. So without backing away from the fight against inflation, we ought to try to save those industries from becoming its first casualty.

A recent Conference Board study gives us a measure of the extent of the deterioration that has gone on. It shows that 25 years ago, Canada's deficit on trade in highly manufactured goods, excluding automobiles, was slightly more than 10 per cent of value added in manufacturing.

Over the 25-year period, this deficit ratio has gone up to nearly 30 per cent. This means that Canadian manufacturers' share of total Canadian trade in manufactured goods has been declining at a substantial rate.

If we are to reverse this damaging trend, we need to do something about both efficiency and productivity...

In the area of productivity performance, our record in Canada helps to explain why we have been losing so much ground in international trade.

By far the most important source of gain in labour productivity is investment. With more and better capital equipment, a worker's output can increase substantially. Thus, if we are to achieve a better productivity performance, and the lift that this would give to trade and to the economy, we need policies which provide incentives to investment. The best incentive is, of course, to permit business to earn an adequate return on investment, in other words, to make a decent profit.

I know that it has been said many times before — not least by presidents of large companies at annual shareholders meetings — that unless profits represent a reasonable return on invested capital, we won't have the capital we need for growth and greater prosperity...

We have to have substantial amounts of capital in Canada, not just to rescue us from lagging productivity, but also to renew and replace productivity capacity at current inflated cost levels and, not least, to provide for new growth. Our capital requirements over the decade to 1985 are likely to be unprecedented — partly for well-known reasons of energy development and partly because of the significant shortfall that occurred in industrial investment from 1967 to 1972.

All the estimates that I have seen were made prior to the government's recent policy on energy, and are therefore probably on the low side. They range from $735 to $800 billion. This would represent, on an average, about a quarter of Canada's GNP. With the exception of a few boom years, we have never before managed an investment ratio of that high a level. Whether we can achieve it in future depends essentially on our willingness to accept policies that encourage more savings and less consumption.

From an address by **F.S. Burbidge,** president, Canadian Pacific Ltd., to a meeting of CP shareholders.

Fifty Years Ago

Writing in the labour journal the *American Federationist,* James M. Lynch, president of the **International Typographical Union** gave an interesting report on the progress of the union....One of the most ambitious undertakings of the International Typographical Union publicity campaign was the production of a motion picture "His Brother's Keeper," filmed a year ago (1925). This picture was offered free of rental charge to each local union that would arrange for a showing in a leading theatre. Eighteen films are in circulation and more than 5,000,000 theatre patrons were entertained by them. The International Union had 791 subordinate unions and the picture was shown in more than 500 cities.

The June 1926 issue of the *American Federationist* also pointed out that remarkable progress had been made in the area of **trade education**. The periodical recalled that the International Union had established a commission on supplemental trade education in 1907 and that the task of teaching apprentices the fine points of the printing art by mail was begun that same year. The publication reported in 1926: "For years the instruction work was entrusted to outside agencies, and the difficulty of overcoming the boys' natural antipathy to study was not finally overcome until the Bureau of Trade Education was reorganized...a competent educator was placed in charge and a corps of instructors was formed at International Headquarters. The course was made compulsory under ITU law and results were almost immediately evident. The Bureau, now housed at headquarters and under direction of this trained educator, who is also a union printer, is making remarkable progress. More than 8,000 apprentices are enrolled whereas only 2,000 were enrolled two years ago. What is more important these boys are studying and are completing their courses in English, proofreading, advertising and printing technique. They must complete their work, or they will not be admitted to union membership.

Formerly very few boys were graduated from this school. In the last year, 400 have been graduated and this number will be greatly increased next year. Instruction by mail in printing is less difficult than in some other branches of study. The apprentice printer has a printing shop for his laboratory and his job requires that he shall spend much time in it. Usually the employer keeps the boy at routine tasks, giving him little opportunity to 'work' at the case or machine. The ITU course is intended to supply this deficiency in apprentices' training. The beginner's course consists of fifty lessons, groups in units of ten each. The first includes historical intelligence on printing and is intended to give the lad a background of the trade's traditions; the second unit concerns simple display composition; the third, simple job work or newspaper work as the students elect; fourth, art in printing and advertising; fifth, English for printers. The student must enroll in the course not later than the third year of his five-year apprenticeship and he must complete it before he may attain journeyman membership. The price of the course is $22.50 cash or $5 on enrolment and four quarterly payments of $5 each. The school is not yet self-supporting, but it is accomplishing the prime object, which is improvement of the work standard. Instruction for teachers of printing is also included in the work of the Bureau. Many high schools now offer this subject and naturally it is desired that these instructors shall be union printers. It is planned (by arrangements with school officials) to grant credit to apprentice printers for printing instruction in public schools."

Model apartments were being erected for workers in New York City by John D. Rockefeller, Jr., as a part of his effort to improve housing conditions. The $1,250,000 Garden apartments project was conceived by a group of needle trades unions as an experiment in co-operative housing in which the welfare of the tenant owners would be the first consideration, and speculation in profit eliminated. But it proved too big for the unions to finance and Mr. Rockefeller took it off their hands. The apartments were to be of four, five, six or seven rooms, each one opening upon a large central garden that would take up more than half the block occupied by the building. Special provision was made in the plans for the comfort of mothers and children. There were to be nursery rooms, and for the use of older children in bad weather a large indoor playroom opening directly onto a city playground.

Organized **labour's first radio station** — WCFL — operated and owned by the Chicago Federation of Labour — opened on Municipal Pier, Chicago. The purpose of the station was to familiarize the public with the aims of the labour movement.

— Kathleen E. Whitehurst

PRICES & EMPLOYMENT

Consumer, June

The all-items Consumer Price Index for Canada (1971=100) rose 0.5 per cent to 148.7 in June from 148.0 in May, and was 7.8 per cent above its June 1975 level. Higher shelter charges — for both owned and rented accommodation — were responsible for almost one half of the overall CPI increase — food, transportation and clothing components contributing to a lesser extent. While the food index increased slightly, the index for all-items excluding food, rose 0.5 per cent.

Lower prices for beef, fresh vegetables, eggs and soft drinks for home consumption offset higher prices for fresh fruit, poultry, coffee, some dairy products and restaurant meals, all of which contributed to the slight increase of 0.2 per cent in the food index. Between June 1975 and June 1976, the index for home-consumed food increased 1.8 per cent. Appreciable increases were recorded for taxi, train and inter-city bus fares, furniture, dry-cleaning charges and driving lesson fees. In terms of goods and services, the price level of goods including food advanced 0.3 per cent and that of services increased 0.8 per cent.

Seasonally adjusted, the all-items CPI advanced 0.3 per cent between May and June — a 0.4 per cent decrease in the food index and a 0.5 per cent increase in the index for all-items excluding food.

City consumer, June

In all regional cities, consumer price indexes advanced between May and June, with increases ranging from 0.3 per cent in Edmonton and Vancouver to 0.8 per cent in Montreal. Higher shelter charges were the chief contributing factor. Higher prices were recorded in many cities also for restaurant meals, recreation equipment, dry-cleaning services, some clothing items, and driving lessons.

The percentage increases listed in the 14 regional cities were: 0.3 in Edmonton and Vancouver; 0.4 in Saint John; 0.5 in Ottawa, Toronto, Winnipeg, Regina and Calgary; 0.6 in Quebec City and Saskatoon; 0.7 in St. John's, Halifax and Thunder Bay; 0.8 in Montreal.

Employment, June

The seasonally adjusted employment level in June was 9,535,000, an increase of 7,000 from May, Statistics Canada reported. Employment increased by 11,000 for men 15 to 24 years old but decreased for women in the same age group. The level of employment for men 25 and over increased by 10,000 and for women 25 and over it rose by 12,000.

Unemployment, June

The seasonally adjusted unemployment rate was 7.0 per cent (722,000) in June, a decline from 7.1 per cent (731,000) in May. The level decreased by 17,000 among men aged 15 to 24 but increased by 20,000 for men 25 to 54. There was little change in the level for women.

By province, seasonally adjusted unemployment declined in Newfoundland to 12.4 per cent from 12.6 per cent; in Prince Edward Island to 12.4 per cent from 12.5 per cent; in Quebec to 7.8 per cent from 7.9 per cent; in Ontario to 6.3 per cent from 6.4 per cent; in Alberta to 3.8 per cent from 4.5 per cent; and in British Columbia to 8.8 per cent from 9.8 per cent. It increased in Nova Scotia to 10.5 per cent from 9.7 per cent; in New Brunswick to 11.5 per cent from 10.9 per cent; and in Manitoba to 4.5 per cent from 4.3 per cent. In Alberta the rate was unchanged at 4.5 per cent.

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"With the high price of food, who can afford more than 8 items?"

Additions to the Library

LIST NO. 327

The publications listed below are recent acquisitions. They may be borrowed through a local library (business, university, public, etc.) or directly — if there is no local library — by writing to The Chief Librarian, Labour Canada, Ottawa, Ontario K1A 0J2, indicating the publication numeral and the month.

Alcoholism

1. Follmann, Joseph Francis. Alcoholics and business; problems, costs, solutions. New York, AMACOM, 1976. 246p.

Civil Service

2. U.S. Congress. House. Committee on Post Office and Civil Service. Subcommittee on Manpower and Civil Service. Violations and abuses of merit principles in Federal employment. Hearings... Ninety-fourth Congress, first session. Washington, G.P.O., 1975. 3v. in 1 binder.

Collective Bargaining

3. Canadian Labour Congress. Collective bargaining and the appeal procedures under the anti-inflation programme. Ottawa, 1975. 1v. Titre en français: La négociation collective et le processus d'appel dans le cadre du programme anti-inflation.

4. McCarthy, William Edward John. Wage inflation and wage leadership; a study of the role of key wage bargains in the Irish system of collective bargaining, by W.E.J. McCarthy, J.F. O'Brien, and V.G. Dowd. Dublin, Economic and Social Research Institute, 1975. 229p.

Commercial Policy

5. Postner, Harry H. Factor content of Canadian international trade: an input-output analysis. Ottawa, Information Canada, 1975. 184p. Titre en français: Analyse intersectorielle du contenu en facteurs de production du commerce canadien.

Discrimination in Employment

6. Glazer, Nathan. Affirmative discrimination; ethnic inequality and public policy. New York, Basic Books, 1975. 248p.

Economic Conditions

7. Yeates, Maurice Henry. Main Street, Windsor to Quebec City. Toronto and Ottawa, Macmillan in association with the Ministry of State for Urban Affairs and Information Canada, 1975. 431p.

Employees' Benefit Plans

8. Charles D. Spencer & Associates, Inc. Dental benefit programs; a concise guide to their design and operation. Chicago, 1975. 35p.

Employees' Representation in Management

9. Gold, Charlotte. Employer-employee committees and worker participation. Ithaca, N.Y., New York State School of Industrial and Labor Relations, Cornell University, 1976. 54p.

10. International Management Seminar on Workers' Participation, Versailles, 1975. Workers' participation; final report... Versailles, 5th-8th March 1975. Paris, Organisation for Economic Cooperation and Development, 1976. 93p.

Equal Pay for Equal Work

11. Special Libraries Association. Special Committee on the Pilot Education Project. Equal pay for equal work; women in special libraries. New York, 1976. 24p.

Guaranteed Annual Income

12. National Council of Welfare. Guide to the guaranteed income. Rev. ed. Ottawa, 1976. 39p. Titre en français: Notes explicatives sur le revenu garanti.

Industrial Disputes

13. David, Hélène. L'activité de grève au Québec de 1945 à 1967; une analyse sociologique. Montréal, L'Auteur, 1975. 2v.

Industrial Relations

14. Beaucage, André. An outline of the Canadian labour relations system. Ottawa, Employment

Relations Branch, Canada Department of Labour, 1976. 47, 47p. Titre en français: Brève description du système des relations du travail au Canada.

15. Connaghan, Charles J. Partnership or marriage of convenience? (A critical examination of contemporary labour-relations in West Germany with suggestions for improving the Canadian labour-management relationships based on the West Germany experience). Ottawa, Canada Department of Labour, 1976. 102p.

16. Parker, Stanley Robert. Workplace industrial relations, 1973; an enquiry carried out on behalf of the Department of Employment. London, H.M.S.O., 1975. 150p.

Industrial Relations — Hospital Employees

17. Employee-labor relations in health care institutions, compiled by the Bureau of Manpower and Education, American Hospital Association. Chicago, 1975. 1v. (looseleaf)

Insurance, Disability

18. U.S. Congress. House. Committee on Education and Labor. Black lung benefits reform act of 1975...report to accompany H.R. 10760 together with minority and separate views. Washington, G.P.O., 1975. 102p.

19. U.S. Congress. House. Committee on Education and Labor. Subcommittee on Labor Standards. Black lung benefits reform act of 1975; hearings before the Subcommittee...Ninety-fourth Congress, first session on H.R.7, H.R.8, and H.R.3333. Washington, G.P.O., 1975. 1v.

Insurance, Life

20. U.S. Congress. House. Committee on Post Office and Civil Service. Subcommittee on Retirement and Employee Benefits. Federal employees' group life insurance program. Hearings... Ninety-fourth Congress, first session, May 5 and May 12, 1975. Washington, G.P.O., 1975. 56p.

Labour History

21. Dubofsky, Melvyn. Industrialism and the American worker, 1865-1920. New York, Thomas Y. Crowell, 1975. 150p.

22. A guide to working class history...by Jim O'Brien and others. 2d ed. Sommerville, Mass., New England Free Press, 1975. 40p.

23. McCormack, Andrew Ross. The Industrial Workers of the World in western Canada, 1905-1914. 1975. 29, 7p.

Labour Laws and Legislation

24. Miller, Glenn Wasson. Government policy toward labor: an introduction to labor law. Columbus, Ohio, Grid, 1975. 472p.

25. Ontario. Laws, Statutes, etc. The Labour relations act; rules of procedure, regulations and practice notes. Toronto, Queen's Printer, 1975. 154p.

26. Rivers, Jean. Droit du travail, par Jean Rivers et Jean Savatier. 6e éd. refondu. Paris, Presses Universitaires de France, 1975. 578p.

Labour Supply

27. Economic Council of Canada. People and jobs; a study of the Canadian labour market. Ottawa, Information Canada, 1976. 289p. Titre en français: Des travailleurs et des emplois; une étude du marché du travail au Canada.

Management

28. Tarrant, John J. Drucker, the man who invented the corporate society. Toronto, Macmillan, 1976. 300p.

Manpower Policy

29. U.S. Congressional Budget Office. Temporary measures to stimulate employment: an evaluation of some alternatives. Washington, 1975. 102p.

Pensions

30. Ontario. Pension Commission. Preliminary report on the funded status of certain pension plans registered with the Pension Commission of Ontario. Toronto, Ministry of Consumer and Commercial Relations, 1975. 12p.

Plant Closing

31. Sexton, Jean. Fermetures d'usines et reclassement de la main-d'oeuvre au Québec. Québec, Service des communications, Ministère du Travail et de la Main-d'oeuvre, 1975. 295p.

Pollution

32. U.S. Bureau of Labor Statistics. Impact of Federal pollution control and abatement expenditures on manpower requirements. Washington, G.P.O., 1975. 59p.

Race Problems

33. Ferguson, Ted. A white man's country; an exercise in Canadian

prejudice. Toronto, Doubleday, 1975. 200p.

Social Security

34. U.S. Congress. House. Select Committee on Aging. Subcommittee on Retirement Income and Employment. Social security; hearings...Ninety-fourth Congress, first session, April 29, and May 6 and 14, 1975. Washington, G.P.O., 1975. 161p.

Status of Women

35. Ontrio. Executive Coordinator of Women's Programs. Report...on the status of women crown employees in Ontario, 1974/75. Toronto, 1975. 1v.

36. U.S. Women's Bureau. State labor laws in transition: from protection to equal status for women. Washington, G.P.O., 1976. 20p.

Unemployment — Statistics

37. Organization for Economic Co-operation and Development. Directorate for Social Affairs, Manpower and Education. Methodological and conceptual problems of measuring unemployment in O.E.C.D. countries. Paris, 1976. 2v.

Wage Differentials

38. Taubman, Paul James. Sources of inequality in earnings: personal skills, random events, preferences towards risk and other occupational characteristics. Amsterdam, North-Holland Publishing Company, 1975. 273p.

Wage Policies — Government

39. Canada. Anti-Inflation Board. Anti-inflation program. Programme de la lutte contre l'inflation. Ottawa, 1975. 4 pamphlets in 1 binder. Contents — A guide to the anti-inflation regulations — Anti-inflation act regulations — Communqué — Bill C-73, an act to provide for the restraint of profit margins, prices, dividends and compensation in Canada.

40. Canadian Labour Congress. Analysis of the Anti-inflation act regulations with respect to part 4 "Compensation". Ottawa, 1976. 22, 4p. Titre en français: Analyse de la partie 4 ("Rémunération") du règlement de la Loi anti-inflation.

Wages and Hours

41. Engineers Joint Council. Engineering Manpower Commision. Salaries of engineering technicians and technologists, 1975; detailed industry report. New York, 1976. 128p.

42. Great Britain. Royal Commission on the Distribution of Income and Wealth. Higher incomes from employment. London, H.M.S.O., 1976. 244p.

43. Kumar, Pradeep. The current Canadian wage scene; major trends and patterns. Kingston, Ont., Industrial Relations Centre, Queen's University, 1975, i.e. 1976. 30p.

44. U.S. Bureau of Labor Statistics. Industry wage survey; auto dealer repair shops, June 1973. Washington, G.P.O., 1975. 40p.

45. U.S. Bureau of Labor Statistics. Union wages and hours: building trades, July 1, 1974. Washington, G.P.O., 1975. 95p.

46. U.S. Congress. House. Committee on Post Office and Civil Service. Executive, legislative, and judicial salaries. Washington, G.P.O., 1975. 61p.

Wages and Hours — Union Influence

47. Illinois. University. Institute of Labor and Industrial Relations. Labor market structure and union wage levels, by Wallace Hendricks. Urbana, 1975. p.401-416. (Its Reprint no. 248)

Welfare Economics

48. McManus, M. Social welfare optimization with tastes as variables. 4th version. Birmingham, University of Birmingham, Faculty of Commerce and Social Science, 1976. 32p.

Women — Employment

49. U.S. Bureau of Labor Statistics. U.S. working women; a chartbook. Washington, G.P.O., 1975. 56p.

Work Satisfaction

50. Katzell, Raymond Abraham. Work, productivity and job satisfaction; an evaluation of policy-related research, by Raymond A. Katzell and Daniel Yankelovich and others. New York, Psychological Corporation, 1975. 432p.

labour statistics

Principal Items	Date	Amount	Percentage change from Previous Month	Percentage change from Previous Year
TOTAL CIVILIAN LABOUR FORCE*		(unadjusted figures, in thousands)		
Week ended May 15, 1976		10,285	+ 2.05	+ 1.9
Employed	May 1976	9,576	+ 2.86	+ 2.10
Agriculture	" "	473	+ 6.05	− 7.9
Non-agriculture	" "	9,103	+ 2.7	− 2.6
Paid workers	" "	8,651	+ 2.9	+ 4.21
At work 35 hours or more†	" "	1,572	− 52.8	+ 78.6
At work less than 35 hours†	" "	1,802	− 65.7	− 13.8
Employed but not at work†	" "	426	− 11.6	+ 1.42
		(change in thousands)		
Unemployed	May 1976	708	− 61	+ 20
Newfoundland	" "	25	− 3	− 2
Nova Scotia	" "	31	− 2	+ 4
Prince Edward Island	" "	5	− 1	—
New Brunswick	" "	32	− 23	+ 3
Quebec	" "	215	− 23	+ 1
Ontario	" "	229	− 20	− 12
Manitoba	" "	17	− 3	—
Saskatchewan	" "	13	− 4	+ 6
Alberta	" "	37	+ 2	+ 5
British Columbia	" "	103	− 7	+ 13
Without work, seeking work and available for work	" "	625	+ 35	—
		percentage change		
INDUSTRIAL EMPLOYMENT (1961 = 100)†	February 1976	139.3	+ 0.4	+ 1.6
Manufacturing employment (1961 = 100)†	" "	126.1	+ 1.7	+ 1.1
IMMIGRATION	Calendar year 1975	187,881	—	—
Destined to the labour force	" "	81,189	—	—
STRIKES AND LOCKOUTS‡				
Strikes and lockouts	April 1976	157	− 7.6	− 18.2
No. of workers involved	" "	303,708	+ 76.1	+ 594.2
Duration in man days	" "	702,250	+ 45.4	+ 19.4
EARNINGS AND INCOME				
Average weekly earnings (ind. comp.)†	February 1976	219.99	+ 1.3	+ 13.3
Average hourly earnings (mfg.)†	" "	5.51	+ 1.5	+ 14.1
Average weekly hours paid (mfg.)†	" "	38.9	+ 0.5	+ 0.5
Consumer price index (1971 = 100)	May 1976	148.0	+ 0.8	+ 8.9
Index numbers of weekly wages in 1961 dollars (1961 = 100)‡	February 1976	147.7	+ 1.5	+ 5.1
Total labour income (millions of dollars)†	April 1976	8,267.5	+ 1.1	+ 14.7
INDUSTRIAL PRODUCTION‡				
Total (average 1971 = 100)	April 1976	119.1	+ 0.8	+ 4.6
Manufacturing	" "	118.9	+ 0.9	+ 5.5
Durables	" "	116.3	+ 0.6	+ 4.8
Non-durables	" "	121.6	+ 1.1	+ 6.2
NEW RESIDENTIAL CONSTRUCTION**				
Starts	April 1976	16,213	—	+ 36
Completions	" "	15,531	—	+ 26
Under construction	" "	148,480	—	+ 23

*Source: Statistics Canada. *Labour Force Information*, Cat. No. 71-001P and *The Labour Force*, Cat. 71-001
†Advance data
‡Preliminary
**Centres of 10,000 population or more

STRIKES AND LOCKOUTS

Statistical information on work stoppages in Canada is compiled by the Labour Data Branch of the Canada Department of Labour on the basis of reports from the Canada Manpower Division, Department of Manpower and Immigration. The first three tables in this section cover strikes and lockouts that amount to 10 or more man-days. The number of workers involved includes all workers reported on strike or lockout, whether or not they all belonged to the union directly involved in the disputes leading to the work stoppages. Workers indirectly affected, such as those laid off as a result of a work stoppage, are not included.

STRIKES AND LOCKOUTS, 1971-76

Month or Year	Strikes and Lockouts Beginning During Month or Year	Strikes and Lockouts in Existence During Month or Year			
		Strikes and Lockouts	Workers Involved	Duration in Man-Days: Man-Days	Duration in Man-Days: Per Cent of Estimated Working Time
1971	547	569	239,631	2,866,590	0.16
1972	556	598	706,474	7,753,530	0.43
1973	677	724	348,470	5,776,080	0.30
1974	1,170	1,216	592,220	9,255,120	0.46
1975	977	1,054	482,180	10,894,190	0.53
*1975					
April	98	192	43,751	588,008	0.34
May	115	231	115,659	660,332	0.38
June	107	248	61,794	800,471	0.45
July	100	247	112,316	1,220,832	0.65
August	90	249	105,270	1,284,490	0.74
September	68	222	81,292	1,287,600	0.75
October	70	244	111,470	1,298,903	0.72
November	55	197	91,697	1,442,024	0.88
December	28	176	82,266	1,106,624	0.64
*1976					
January	33	164	54,590	842,250	0.49
February	46	170	148,145	603,130	0.37
March	71	170	172,468	483,060	0.25
April	66	157	303,708	702,250	0.40

*Preliminary.

STRIKES AND LOCKOUTS, APRIL 1976, BY INDUSTRY (Preliminary)

Industry	In Effect During Month: Number Beginning During Month	Strikes and Lockouts	Workers Involved	Man-Days
Forestry	0	0	0	0
Mines	8	12	5,494	44,100
Manufacturing	20	66	12,172	136,050
Construction	3	8	3,866	7,310
Transpn. & utilities	7	19	24,479	67,720
Trade	4	14	822	9,160
Finance	0	0	0	0
Service	20	32	29,601	117,170
Public administration	1	4	274	3,740
Various Industries	2	2	227,000	317,000
All industries	65	157	303,708	702,250

STRIKES AND LOCKOUTS, APRIL 1976, BY JURISDICTION (Preliminary)

Jurisdiction	In Effect During Month: Number Beginning During Month	Strikes and Lockouts	Workers Involved	Man-Days
Newfoundland	3	10	323	5,710
Prince Edward Island	0	1	110	2,310
Nova Scotia	2	3	187	3,230
New Brunswick	1	1	77	150
Quebec	16	45	275,715	487,920
Ontario	17	51	11,217	76,210
Manitoba	3	5	676	4,920
Saskatchewan	7	8	4,792	13,740
Alberta	2	4	804	7,430
British Columbia	10	19	6,142	73,030
Federal	4	10	3,665	27,600
All jurisdictions	65	157	303,708	702,250

STRIKES AND LOCKOUTS INVOLVING 100 OR MORE WORKERS, APRIL, 1976 (Preliminary)

Industry / Employer / Location	Union	Workers Involved	Duration in Man-Days: April	Duration in Man-Days: Accumulated	Starting Date / Termination Date	Major Issues / Result
Mines						
METAL						
St. Lawrence Columbium & Metals Corp., Oka, Quebec	Steelworkers Loc. 7579 (AFL-CIO/CLC)	170	3,570	10,630	Feb. 03	Wages, fringe benefits —
Gibralter Mines Ltd., Mcleese Lake, B.C.	Can. Ass'n of Industrial Wrks. Loc. 18 (CCU)	340	7,290	10,430	Mar. 19	Seniority, safety, management rights —
Anvil Mining Corp., Faro, Yukon	Steelworkers Loc. 8243 & 1051 (AFL-CIO/CLC)	360	7,460	8,540	Mar. 29 Mar. 30	Wages, fringe benefits, other issues — Return of office & tech. emps. —
Denison Mines, Elliot Lake, Ontario	Steelworkers Loc. 7562 (AFL-CIO/CLC)	770	6,180	6,180	Apr. 13 Apr. 25	Wages, fringe benefits, other issues — Terminated by mutual agreement —
Island Copper Mine, Port Hardy, B.C.	Int'l Operating Engineers Loc. 115c (AFL-CIO/CLC)	630	1,260	1,260	Apr. 23 Apr. 27	Dispute over demotion — Not reported —
MINERAL FUELS						
Devco, Sydney, Glace Bay, New Waterford, N.S.	Mine Workers Dist. 26 (CLC)	2,000	6,000	6,000	Apr. 12 Apr. 15	Termination of bus service — Return of miners —
Grande Resource Mgmt. & Coleman Collieries, Coleman & Tent Mountain Alberta	Mine Workers, Loc. 2633 Dist. 18 (CLC)	600	3,866	3,860	Apr. 12 Apr. 21	Wages, other issues — Terminated by mutual agreement —
NON-METAL						
United Asbestos, Matchewan, Ontario	Steelworkers Loc. 8308 (AFL-CIO/CLC)	155	1,500	1,500	Apr. 07	Working conditions —
QUARRIES						
Adru Granite Inc., (7 co's) Beebe, Que.	Steelworkers Loc. 7550 (AFL-CIO/CLC)	200	4,200	17,000	Dec. 29/ 1975	Not reported —
Manufacturing						
FOOD AND BEVERAGES						
Park & Tilford, Vancouver, B.C.	Brewery Wkrs. Loc. 300 (CLC)	110	1,760	17,050	Sept. 13/ 1975 Apr. 26/ 1976	Wages, fringe benefits, other issues — Not reported —
Life Savers Ltd., Hamilton, Ontario	Food Workers Loc. P-1207 (AFL-CIO/CLC)	120	2,520	4,320	Mar. 11	Wages —
RUBBER						
Bow Plastics Ltd., Granby, Quebec	Upholsterers Loc. 346 (AFL-CIO/CLC)	150	2,940	3,770	Mar. 24 Apr. 28	Wages, other issues — Terminated by mutual agreement —

STRIKES AND LOCKOUTS INVOLVING 100 OR MORE WORKERS, APRIL, 1976 (Preliminary) (Cont'd)

Industry Employer Location	Union	Workers Involved	Duration in Man-Days April	 Accumulated	Starting Date Termination Date	Major Issues Result
Uniroyal Ltd., Kitchener, Ontario	Rubber Workers Loc. 67 (AFL-CIO/CLC)	150	300	300	Apr. 21 Apr. 22	Protesting slow negotiations — Return of workers —
LEATHER						
Rosita Shoes, Montreal, Quebec	CSD	384	8,060	48,560	Nov. 04	Wages —
TEXTILES						
Consolidated Textiles, Alexandria, Ontario	Textile Wkrs. Union Loc. 1664 (AFL-CIO/CLC)	125	920	960	Mar. 31 Apr. 12	Contract issues — Terminated by mutual agreement
Celanese Canada, Sorel, Quebec	Synd. des emp. de Celanese (CNTU)	650	9,100	9,100	Apr. 12	Wages, fringe benefits, grievances —
Celanese Canada, Drummondville, Quebec	Synd. des emp. de Celanese (CNTU)	1,471	7,360	7,360	Apr. 26	Wages, fringe benefits, other issues —
WOOD						
Scierie Aimé Gaudreau, Estcourt, Québec	Syndicat des employés de scierie (CNTU)	118	2,480	4,310	Mar. 10	Wages, benefits —
Manitoba Forestry Resources, The Pas, Manitoba	Woodworkers Loc. 1-324 (AFL-CIO/CLC)	180	900	900	Apr. 09 Apr. 19	Safety Standards —
Sungold Mfg., Calgary, Alberta	Woodworkers Loc. 206 (AFL-CIO/CLC)	110	1,600	1,600	Apr. 13	Wages —
FURNITURE AND FIXTURES						
Art Laboratory Furniture Co., Montreal, Que.	Upholsterers Loc. 402 (AFL-CIO/CLC)	130	2,730	11,050	Dec. 05/ 1975	Not reported —
PAPER						
Man. Forestry Res., (P & P Div.), The Pas, Man.	Canadian Paperworkers Loc. 1403 (CLC)	300	1,340	1,340	Apr. 12 Apr. 18	Safety Standards — Terminated by mutual agreement —
PRIMARY METALS						
Ontario Malleable Iron, Oshawa, Ontario	Steelworkers Loc. 1500 (AFL-CIO/CLC)	220	4,620	16,280	Jan. 18	Wages, fringe benefits —
Aciers Atlas Steels, Div. Rio Algom Mines, Tracy, Quebec	Steelworkers Loc. 6403 (AFL-CIO/CLC)	367	7,860	15,850	Mar. 01	Wages, fringe benefits —
Lake Ontario Steel Co., Whitby, Ontario	Steelworkers Loc. 6571 (AFL-CIO/CLC)	490	9,800	19,600	Mar. 04 Apr. 29	Wages, fringe benefits — Terminated by mutual agreement —
Bell Copper Noranda Mines, Granisle, B.C.	Cdn Ass'n of Industrial Wkrs. Loc. 10 (CCU)	175	3,750	10,510	Feb. 07	Wages, fringe benefits —
Firestone Steel Products, London, Ontario	Auto Workers Loc. 27 (CLC)	216	4,540	9,510	Mar. 01	Not reported —

STRIKES AND LOCKOUTS INVOLVING 100 OR MORE WORKERS, APRIL, 1976 (Preliminary) (Cont'd)

Industry / Employer / Location	Union	Workers Involved	Duration in Man-Days: April	Duration in Man-Days: Accumulated	Starting Date / Termination Date	Major Issues / Result
MACHINERY						
John Wood Co., Toronto, Ontario	Auto Workers Loc. 124 (CLC)	303	3,430	3,430	Apr. 02 Apr. 20	Wages, fringe benefits — Terminated by mutual agreement —
TRANSPORTATION EQUIPMENT						
Bombardier Ltée, La Pocatière, Québec	Fed'n of Metal Trades Unions (CNTU)	275	3,300	26,410	Dec. 02/ 1975 Apr. 20	Wages, benefits, grievances —
Budd Automotive Co., Kitchener, Ontario	Auto Workers Loc. 150 (CLC)	400	800	800	Apr. 07 Apr. 09	Wages, working conditions — Return of workers —
Eaton Yale Ltd., Wallaceburg, Ontario	Auto Workers Loc. 251 (CLC)	155	1,160	1,160	Apr. 23	Wages —
Eaton Yale Ltd., Chatham, Ontario	Auto Workers Loc. 127 (CLC)	640	4,800	4,800	Apr. 23	Wages —
ELECTRICAL PRODUCTS						
A. Bélanger Ltée, Montmagny, Québec	CNTU	400	2,000	2,000	Apr. 26	Wages, fringe benefits, other issues —
NON-METALLIC MINERAL PRODUCTS						
Canadian Porcelain Co., Hamilton, Ontario	Glass & Ceramic Wrks. Loc. 249 (AFL-CIO/CLC)	132	1,450	2,900	Mar. 16 Apr. 19	Wages, fringe benefits — Not reported —
PETROLEUM & COAL PRODUCTS						
Texaco Canada Ltd., Montreal, Quebec	Oil Workers Loc. 9-618 (AFL-CIO/CLC)	300	900	900	Apr. 13 Apr. 19	Fringe benefits — Not reported —
CHEMICAL PRODUCTS						
Canadian Industries Ltd., Brownsburg, Quebec	Steelworkers Loc. 14138 (AFL-CIO/CLC)	522	2,350	17,230	Feb. 23	Other contract issues —
Canadian Industries Ltd., Nitro, Quebec	Féd. des syndicats des mines (CSN)	360	7,560	17,280	Feb. 24	Wages, grievances, other contract issues —
Canadian Industries Ltd. Nobel, Ontario	Steelworkers Loc. 13704 (AFL-CIO/CLC)	175	1,750	1,750	Apr. 15	Wages, other issues —
Polysar Ltd., Sarnia, Ontario	Oil Workers Loc. 9-14 (AFL-CIO/CLC)	1,600	6,780	6,780	Apr. 21 Apr. 27	Contract issues — Terminated by mutual agreement —
Construction						
PEI Construction Ass'n, various locations, P.E.I.	IBEW Loc. 1432 (AFL-CIO/CLC)	110	2,310	4,180	Mar. 09	Dispute over hiring 2 men —
Lummus Co., Sarnia, Ont.	Various Unions	3,000	3,000	3,000	Apr. 07 Apr. 08	Board & rent for employees — Not reported —

STRIKES AND LOCKOUTS INVOLVING 100 OR MORE WORKERS, APRIL, 1976 (Preliminary) (Cont'd)

Industry Employer Location	Union	Workers Involved	Duration in Man-Days April	 Accumulated	Starting Date Termination Date	Major Issues Result
Lummus Co., Douglas Point, Ontario	IBEW Loc. 804 (AFL-CIO/CLC)	300	1,200	1,200	Apr. 21 Apr. 27	Union jurisdiction — Return of workers —
Sask. Const. Assn., Saskatoon Area, Sask.	Laborers Loc. 890 (AFL-CIO/CLC)	400	250	250	Apr. 26	Not reported —
Transportation & Utilities						
TRANSPORTATION						
Gov't of Canada (Transport), Various Airports, Canada	PIPS, (Inspectors) (Ind.)	163	1,350	1,830	Mar. 18 Apr. 29	Wages —
Transport Labour Relations (97 co's) Province wide, B.C.	Teamsters Loc. 31 and 213 (Ind.)	3,861	42,470	67,340	Mar. 23 Apr. 16	Wages — Return of workers —
COMMUNICATION						
Canadian National Telegraphs, Gander, Nfld.	Railway, Transport & General Wkrs. (CLC)	120	2,520	5,520	Feb. 28	Dispute over shift scheduling —
POWER, GAS, WATER						
Churchill Falls Labrador Corp., Churchill Falls, Labrador	IBEW Loc. 2351 (AFL-CIO/CLC)	110	2,120	6,170	Feb. 09 Apr. 27	Wages — Return of workers —
Kingston Utilities Commission, Kingston, Ontario	IBEW Loc. 1678 (AFL-CIO/CLC)	110	310	2,040	Mar. 10	Wages —
Sask. Power Corp., Province wide, Sask.	IBEW Loc. 2067 (AFL-CIO/CLC)	1,280	1,320	1,670	Mar. 17 Apr. 26	Not reported —
Quebec Hydro, various locations, Quebec	Public Empls. (CLC)	9,000	4,500	4,500	Apr. 07 Apr. 07	Wages, other issues —
Quebec Hydro, Province wide, Quebec	Public Empls. (CLC)	9,500	9,500	9,500	Apr. 30 Apr. 30	Wages, other issues — Return of workers —
Trade						
Brewers Warehousing Co., Toronto, Ontario	Brewery Wkrs. Loc. 326 (AFL-CIO/CLC)	327	1,640	1,640	Apr. 05 Apr. 09	Firing of 2 employees — Not reported —
Service						
EDUCATION						
Various School Boards, various locations, Quebec	Les enseignants des Bois-Francs (CEQ)	831	17,450	53,180	Feb. 02	Wages, fringe benefits —
Sault Ste. Marie School Board, Sault Ste. Marie, Ontario	Ont. Sec. School Teachers Fed.	405	2,840	11,350	Mar. 03 Apr. 12	Wages — Legislation, teachers returned —

STRIKES AND LOCKOUTS INVOLVING 100 OR MORE WORKERS, APRIL, 1976 (Preliminary) (Concl'd)

Industry / Employer / Location	Union	Workers Involved	Duration in Man-Days: April	Duration in Man-Days: Accumulated	Starting Date / Termination Date	Major Issues / Result
Ottawa Board of Education, Ottawa, Ont.	Ott. School Board Empls. Ass'n	900	2,700	9,900	Mar. 22 Apr. 05	Wages, other issues — Return of maintenance workers —
Dawson College, Montreal, Quebec	Dawson Teachers Union (Ind.)	500	500	500	Apr. 20 Apr. 21	Protesting slow negotiations — Return of teachers —
HEALTH & WELFARE						
Hôpital Hôtel-Dieu, Sorel, Québec	Social Affairs Fed. (CNTU)	589	10,940	10,940	Apr. 05	Wages, other matters —
Centre hospitalier de Verdun, Verdun, Québec	Social Affairs Fed. (CNTU)	1,200	14,570	14,570	Apr. 06	Wages, other matters —
Hôtel-Dieu d'Arthabaska, Arthabaska, Québec	Social Affairs Fed. (CNTU)	850	13,960	13,960	Apr. 08	Wages, fringe benefits —
Quebec Hospitals (70), Various locations, Que.	Social Affairs Fed. (CNTU)	20,000	20,000	20,000	Apr. 13	Wages, other issues — Return of non-prof. emps.
Sask. Health Care Assn., Province wide, Sask.	Sask. Union of Nurses	2,500	11,500	11,500	Apr. 24	Wages —
Souris Valley Ext. Care Hosp., Weyburn, Sask.	Public Empls. Loc. 600 (CLC)	417	420	420	Apr. 30	Not reported —
ACCOMMODATION & FOOD						
Island Hall Hotel, Parksville, B.C.	Hotel Empls. Loc. 835 (AFL-CIO/CLC)	104	2,230	10,540	Dec. 11/ 1975	Not reported —
London Proprietors (6 hotels), London, Ont.	Retail Wholesale Loc. 448 (AFL-CIO/CLC)	150	3,210	5,030	Mar. 15	Not reported —
MISCELLANEOUS						
Mid-Island Public Employees Ass'n., Nanaimo & Ladysmith, B.C.	Public Empls. Loc. 401 (CLC)	270	5,130	5,130	Apr. 01	Fringe benefits, other issues —
Mid-Island Public Employees Ass'n., Nanaimo & Ladysmith, B.C.	Public Empls. Loc. 606 (CLC)	230	4,370	4,370	Apr. 05	Fringe benefits, other issues —
Public Administration						
LOCAL						
City of Sydney, Sydney, N.S.	Public Empls. Loc. 759 (CLC)	110	1,760	5,390	Feb. 16 Apr. 23	Wages — Not reported —
Various Industries						
Quebec Gov't, Province wide, Quebec	Various Unions	50,000	50,000	50,000	Apr. 23 Apr. 23	Wages, other issues — Return of workers —
Quebec Gov't, Province wide, Quebec	Various Unions (Common Front)	177,000	267,000	267,000	Apr. 29 Apr. 30	Wages, other issues — Return of workers —

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